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ABSTRACT

A majority of adults in most Alaska Native villages were without jobs in 1990, and the situation was probably not substantially better in 1998. This report summarizes current Alaska Native employment data and employment trends, provides information on public and private programs that target Native hire, and describes promising approaches for increasing Native employment. Part 1 examines the current context of Native employment, including demographic data and projections related to the size and location of the Native labor force; availability of jobs in various sectors and industries; characteristics of Native employment and unemployment; data on nonresident employment; and creation of jobs through the economic multiplier. This section includes 31 data tables and 15 figures. Part 2 discusses the potential effects of welfare reform on Native communities, summarizing changes to welfare and community concerns. Parts 3-5 examine methods used by private businesses, Native regional corporations, and governments to recruit, train, and hire more Natives for existing jobs; the potential of private and government programs to create more jobs for Natives; and barriers to increased employment and strategies for overcoming them. Part 6 describes organizations specifically intended to help improve Alaska Native hire. The conclusion offers nine approaches that seem most promising for increasing Native hire and suggests that rural Alaska Natives may have some advantages in data processing, firefighting and hazardous material crews, and ecotourism. Appendices summarize relevant regulations and list people and organizations contacted. (SV)

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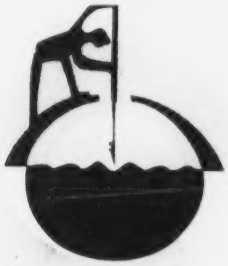
EXPANDING JOB OPPORTUNITIES FOR ALASKA NATIVES (INTERIM REPORT)



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Expanding Job Opportunities for Alaska Natives (Interim Report)

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SUMMARY:
EXPANDING JOB OPPORTUNITIES FOR ALASKA NATIVES

Alaska's Native people need more jobs. In 1994, the Alaska Natives Commission reported that "acute and chronic" unemployment throughout Alaska's Native communities was undermining Native society. The situation has not improved in the past several years, and it could worsen. The number of working-age Natives is growing much faster than the number of new jobs. Also, recent welfare reforms require welfare recipients to either get jobs or at least do some "work activity"—which means that more Alaska Natives will be looking for work.

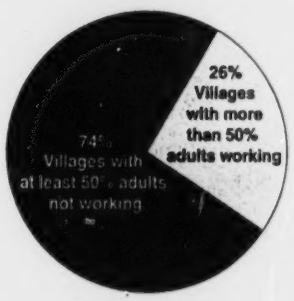
The Alaska Federation of Natives wants to find ways of reducing the high unemployment among Alaska Natives. As part of that effort, it contracted with the Institute of Social and Economic Research at the University of Alaska Anchorage to describe current employment among Alaska Natives and to look for ways of expanding job opportunities.

This is an interim report, and it has some limits. First, information on employment by race is hard to get and hard to verify. The best information on Alaska Native employment is from the 1990 federal census. We used that 1990 census information and other data to put together what we consider a reasonable picture of Native employment. Clearly the federal census in the year 2000 will supply more current information. Also, we had limited time and money to collect information on the many public and private programs targeting Native hire. We were not able to learn about all programs, and in some cases we had to rely on just one or two people to tell us about specific programs. Despite its limits, we hope this report can contribute to increasing job opportunities for Alaska Natives. Here we first summarize current Native employment and employment trends. Then we describe what seem to be promising approaches for increasing Native employment.

Current Native Employment and Employment Trends

A majority of adults in most Alaska Native villages were without jobs in 1990—and there's no reason to assume the situation is substantially better in 1998.

Not everyone without a job wants wage work, for various reasons—but these figures indicate the level of unemployment in Native communities. Because unemployment is so high in Alaska's Native communities, residents of 148 of the roughly 200 Native villages will likely be exempt from the new 5-year limit on receiving welfare benefits. They will, however, still have to make some efforts to move into the job market and do some community service or other "work activities." And Native welfare recipients in places that are not exempt will need jobs within the next few years.



Total: 200 villages

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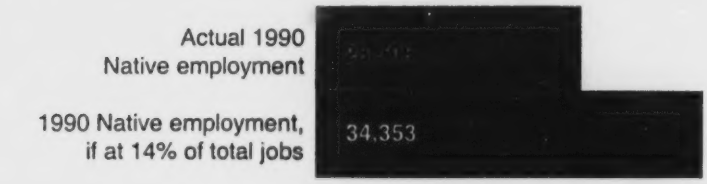
Thousands more Natives would have jobs, if Native workers made up the same proportion of total workers as they do of the adult population.

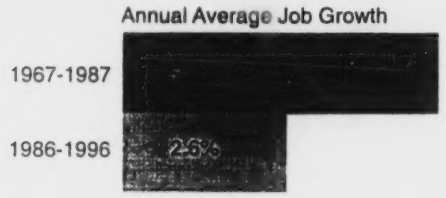


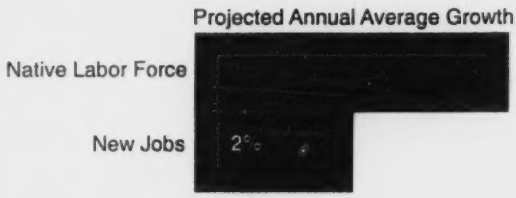
In 1990, Native adults made up 14 percent of Alaska's working-age population but fell nearly 11,000 jobs short of holding 14 percent of total jobs in Alaska. This doesn't necessarily mean that 11,000 Native adults who wanted work were unemployed. Some chose to be out of the work force—to do subsistence activities, stay at home with children, or for other reasons. But it is a rough measure of Native under-representation in the work force.

The number of Natives who want to work has been growing much faster than the overall Native population, and that trend is expected to continue.

The sharp projected growth in the number of Natives wanting jobs will be due to both substantial growth in the number of young adult Natives over the next decade and a continuing increase in the share of Natives choosing to work.

Job growth in Alaska over the past decade was only half as fast as in earlier times. It's projected to be even slower in the coming years.





Slow job growth coupled with fast growth in the number of Natives wanting to work could translate into worsening Native unemployment. The number of Alaska Natives looking for work is projected to grow about 4 percent annually in the coming years, compared with 2 percent annual growth in jobs.

The Native work force will likely become more urbanized over time, since most new jobs will be in urban areas. A third of Native workers already live in urban areas.

Location of New Jobs, 1996-2015

The fastest job growth will be in support industries like retail trade. It's difficult for small places to create such support jobs, because dollars don't stay long in small communities.

$15 in new community income = $1 for local wages in a support job

The example above shows that it takes a tremendous amount of new income entering a community to create a new local job in trade or services. That's because so little of every dollar in new purchasing power stays in small communities. Most leaks out—for goods and services from outside the community and for other costs, leaving little for paying local wages.

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In some rural places, there are not enough jobs to go around—even if Alaska Natives held all the existing jobs, and even if they worked less than full-time.

We can think of this situation as a "job deficit." By looking at the total number of jobs in an area, and making some assumptions how much time Native adults need for subsistence activities, we estimated that in the rural parts of the Bethel, Wade Hampton, Dillingham, Lake and Peninsula, Nome, and Northwest Arctic Borough census areas, the available Native manpower exceeds the number of work hours available.

Promising Approaches to Increasing Native Hire

The picture we've presented of Native employment so far is sobering: existing high unemployment; large numbers of young Natives moving into the labor force; slow job growth; concentration of jobs in urban areas; limited capacity of small villages to generate jobs; and lack of enough jobs to go around in some rural areas, even if Natives held all the available jobs.

Yet we also found a number of promising approaches to increasing Native hire. We talked with more than 150 knowledgeable people in government and private industry. We collected reports, memoranda, statutes, labor agreements, and many other documents that helped us understand what kinds of programs and policies have been most effective for increasing Native hire. We also examined how some new approaches might create more job opportunities for the growing number of Natives looking for work. Limits on time and money prevented us from collecting information on all existing programs and from talking to all the people involved in trying to create more Native employment. But we learned enough to discuss some promising approaches. We can divide those approaches into broad categories:

- *Expanding federal regulations and programs*
- *Modifying state policies*
- *Increasing local control*
- *Rewarding managers who hire Alaska Natives*
- *Negotiating and monitoring Native hire agreements with industry and unions*
- *Focusing on activities where Alaska Natives may have comparative advantages*
- *Improving education and training for Alaska Natives*

Expanding Federal Regulations and Programs

Local-hire authority for federal agencies produces jobs for Alaska Natives.

Most federal agencies in Alaska can hire only through the national competitive process. But the National Park service, the Fish and Wildlife Service, and the Bureau of Land Management have authority to limit certain job openings to just local residents, if those jobs require some special local knowledge. The other 15 federal agencies in Alaska don't have local hire authority. Since the federal government is one of Alaska's largest employers, giving local-hire authority to more federal agencies in Alaska would at least give Alaska Natives a better chance at some federal jobs.

The Community Development Quota program may be a model for bringing a share of the income from other natural resources into Native communities.

Coastal communities are apparently benefiting from the federal Community Development Quota (CDQ) program, which reserves a share of the pollock, halibut, and sablefish quotas for 56 coastal villages in western Alaska. The Alaska Department of Community and Regional Affairs reports that in 1997 employment in the half-dozen CDQ associations in western Alaska totaled 1,286 (including very brief seasonal jobs), with wages totaling nearly $8 million. It's possible that similar programs to reserve a share of oil, timber, or other harvestable resources for Native communities could help create jobs and income.

Native-hire provisions in federal agreements are more likely to be enforced when they include realistic penalties for failure to hire Natives.

One of the best known Native-hire provisions in recent decades was drawn up as part of the federal government's right-of-way agreement with Alyeska Pipeline Service Company, which built and operates the trans-Alaska oil pipeline. The agreement called for 20 percent of Alyeska's work force to be Native. The Interior Department had the authority to shut down the pipeline if the operators failed to meet the Native hire provisions—but given the economic importance of North Slope oil, such a penalty was unrealistic at best. For 20 years Alyeska failed to meet Native hire requirements, and the lack of realistic sanctions may be partly responsible for that failure. In 1995, the agreement was re-negotiated. Smaller but more enforceable penalties at the outset might have been more effective. For instance, under a state local hire provision, the state government can withhold part of a contractor's money for failing to meet local hire requirements.

Modifying State Policies

Alaska Natives might benefit if the state government tightened its definition of who is a "local resident" under the local hire statute for public projects.

State law gives hiring preference for public construction projects to local residents, but anyone who lives in an area for 30 days is considered a local resident. Under such a liberal definition, workers could move to an area just to get specific jobs. Other agencies require longer residence. For instance, when the National Park Service hires rural residents under its local-hire authority, it typically requires one year's residence.

Restoring matching state funding for the federal Rural Development Assistance program would help poor rural communities.

This federal program is one of the few that provides grants for projects to improve economic or social conditions in small rural places. Between 1989 and 1998 the program distributed $12.6 million to Alaska communities, and federal and state officials consider it very effective. But the program has been hurt by the state legislature's decision two years ago to cut matching state funding—leaving only $165,000 in annual federal funds.

Rewarding Managers Who Meet Native Hiring Goals

Rewarding state and federal managers who meet or exceed Native hiring goals could boost Native hire.

The federal and state governments are major employers in Alaska. Alaska Natives make up only about 6.5 percent of the more than 13,000 state employees. We don't know the overall percentage of Native workers among the federal government's 10,000 civilian employees. We do know that the percentage of Native workers holding federal jobs varies considerably by agency, but that apparently in no agency do Native workers make up the same proportion as in the Alaska work force—about 14 percent. Although government agencies can't recruit Alaska Natives at the expense of other groups, they can take a number of steps to make sure Alaska Natives know about jobs and to help them apply for jobs.

Private industry successfully uses cash awards as an incentive for managers who meet or exceed minority hiring targets. We believe rewarding federal and state managers who meet or exceed hiring goals or targets for Alaska Natives would also be an incentive.

Increasing Local Control

Native organizations and governments are using authority granted under federal law to increase local control over federal programs and projects—and thereby increasing Native hire.

Compacting authority: The Indian Health Service and the Bureau of Indian Affairs have authority to "compact" with Native organizations. Compacting means that a Native organization—like the Yukon Kuskowim Health Corporation—receives and directly administers federal program funds, with no government agency acting as a middleman. YKHC is the largest employer in its region, with about 4 percent of the regional population on its payroll. Many federal agencies do not currently have compacting authority. If they did—especially those like the National Park Service, with significant operations in rural areas—Native organizations would have more control over hiring.

Force accounting: Another way of leveraging local hire is through "force accounting" for construction of sanitation projects. Under force accounting, the federal government provides the materials and equipment and a government foreman oversees the job. But local governments can set wages, hours, and conditions of employment—thereby giving Native workers the flexibility to hold jobs but also take time for subsistence hunting and fishing. Force accounting is used on most but not all sanitation construction projects in Alaska, and most communities report being satisfied with it.

Negotiating and Monitoring Native Hire Agreements with Industry and Unions

Native organizations have promoted Native hire by collaborating with industry and unions. The most successful collaborations have also included monitoring of hiring to make sure industry and unions kept their promises.

We found several recent instances where Native organizations were able to negotiate significant Native hire, especially when they had some leverage—for instance, when federal contracts included Indian Preference hiring provisions or when a Native organization owned or controlled a resource. Among the most successful such collaborations we identified were between NANA regional corporation and the operators of the Red Dog mine and collaboration between the Cook Inlet Tribal Council and trade unions during construction of the Alaska Native Medical Center in Anchorage.

Several elements seemed to make these and other collaborations work. Successful collaborations with industry involved: (1) negotiating Native hire procedures and targets *before* contracts were let; (2) creating trust with contractors; and (3) monitoring Native hire and making the results public.

Collaborations with unions can create project labor agreements that include special local hire preferences for Alaska communities not on the road system. Benefits for Native workers who join unions can include, beyond the immediate job, free training, a pension plan, and the opportunity to be called for jobs outside their home villages.

Focusing on Activities Where Alaska Natives May Have Comparative Advantages

For some kinds of work, Alaska Natives may have advantages—because of their special knowledge of arctic conditions, their status under federal Indian law, or for other reasons.

A provision of federal law allows Native corporations and tribes to be sole-source contractors for some government services. Under that authority, the Bethel Native Corporation recently proposed to do work for the Department of Defense. The department was looking for a contractor to convert its hard-copy instruction manuals to electronic form. The department ultimately rejected the corporation's proposal, but the idea remains sound. There promises to be a lot of computer conversion work in the coming years—and Alaska Natives could do such work while living in remote places.

Alaska Natives also may have advantages as crew members working in arctic environments. Native firefighting crews have long demonstrated their skills, at least partly based on their knowledge of arctic conditions and ability to deal with those conditions. More recently, a number of Alaska Natives have attended training programs to learn how to manage hazardous wastes. Some Native organizations (like the Louden village tribal council) have assembled crews of trained local residents for cleanup of oil spills or other hazardous wastes. Here again, Alaska Natives may have advantages in such work because of their knowledge of arctic conditions, their ability to work in extreme cold, and their resourcefulness in getting jobs done in remote places.

Rural tourism—especially "eco-tourism"—has already created some jobs in remote places, including the Pribilof Islands, Afognak Island, and northwest Alaska. Local residents certainly have the advantage of being the most knowledgeable about their own areas. But tourism is an unpredictable, seasonal industry that requires trained workers and local investment in facilities. Native communities and organizations need to carefully weigh the costs of establishing tourism ventures against the benefits.

Wildlife management may also increasingly offer job possibilities for Alaska Natives. Native groups are becoming partners in Alaska wildlife management under various federal laws. For example, the Marine Mammal Protection Act and the Migratory Bird Treaty allow federal agencies to develop cooperative management agreements with Alaska Native organizations. A number of such Native organizations—including the Eskimo Walrus Commission—have been established. Other organizations, including the

Alaska Eskimo Whaling Commission, have gained direct congressional appropriations and other federal funds to conduct their own research.

These Native co-management organizations create jobs in rural places, but no employment figures are yet available. As time goes on and co-management increases, more jobs will be created. However, many jobs will require formal degrees in research and game management fields. Rural schools need to examine both instruction and curriculum, to make sure they are preparing Native students for success in college.

Focusing Education and Training on College and Job Skills

Some businesses and Native organizations are taking steps to provide the education and training Alaska Natives need to be more competitive in the job market.

In our interviews we repeatedly heard that many Alaska Natives need better preparation for both the job market and college. Evidence also suggests that Natives are being denied jobs and promotions because they lack formal education as well as necessary job skills and work habits. We found that some businesses and organizations are taking steps to help Native employees:

- Native corporations, oil companies, and others are successfully using mentorships, apprenticeships, and internships to improve job-specific knowledge and skills.

- Some Native organizations—including the Arctic Slope and NANA regional corporations— are encouraging formal education in their shareholders by awarding scholarships, paying for classes, and requiring certain levels of training among employees.

However, evidence suggests that rural schools are not currently providing Native students with the skills required for success either in the work place or in college.

The Alaska Federation of Natives and other Native organizations face a tough job in the years ahead, as more and more young Native men and women move into the work force. Yet, as we've seen, there are some approaches that could help create the jobs Alaska's Native people need. We hope this report helps in the very important effort to expand job opportunities for Alaska Natives.

I. Native Employment: The Current Context

The Native Labor Force

A Preference for Seasonal and Part Time Work Makes It Difficult to Measure the Size of the Native Labor Force

The **labor force** is the part of the working aged population (usually 16 to 64) that is either employed or would like to have a job. Excluded from the labor force are those people who choose not to work because they are engaged in other activities such as being a student or a householder, or who are unable to work because of a disability. People aged 65 and above are not counted as part of the labor force, even though many of them are employed or would like to have a job.

Unemployment is a measure of the number of people in the labor force that do not have jobs but are trying to find them, or would like to have jobs. The **unemployment rate** is the portion of the labor force without jobs.

The total population aged 16 to 64 is the **potential labor force**: it includes the entire population of working age people, whether or not they are actually working or would like to have jobs. The potential labor force is much easier to measure than the labor force itself since it is difficult to know at any time the number of employed Natives and the number who would like to be working. The potential labor force of Alaska Natives is about 60 thousand, based on the most recent estimate of the size and age distribution of the Native population from the Alaska Department of Labor (Table 1).

TABLE 1. ALASKA NATIVE POPULATION

	1996	1997
Total	100,025	101,904
Age Group		
0-4	12,181	11,769
5-9	12,900	13,298
10-14	11,152	11,601
15-19	8,970	9,375
20-24	7,264	7,478
25-29	6,620	6,502
30-34	7,899	7,813
35-39	7,613	7,609
40-44	6,629	6,927
45-49	4,985	5,268
50-54	3,469	3,645
55-59	2,838	2,923
60-64	2,475	2,541
65-69	1,808	1,879
70-74	1,388	1,394
75-79	859	897
80+-84	542	532
85+	433	453
0-4	12,181	11,769
5-14	24,052	24,899
15-64	**58,762**	**60,081**
65+	5,030	5,155

Source: Alaska Department of Labor

The **labor force participation rate** is an estimate of the percent of the working age population that is either working, on active military duty, or wanting to work. (Sometimes this measure excludes the active duty military) The most recent estimate of the Native labor force participation rate comes from the 1990 Census which reported that about 59 percent of Native men and 51 percent of Native women of working age were in the labor force (Table 2). These estimates are higher than the rates reported in earlier years, but still considerably below the rates for other population groups. The labor force participation rates reported for whites in 1990 were 80 percent for men and 66 percent for women.

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TABLE 2. ALASKA LABOR FORCE PARTICIPATION RATES (PERCENT)				
	1960	1970	1980	1990
Native Men		50.6%	54.2%	**59.2%**
Native Women		31%	42.8%	**51.4%**
White Men	76.8%	78.8%	78.5%	79.9%
White Women	39.4%	45.7%	58.9%	65.9%

Source: U.S. Census

Assuming that Native labor force participation rates have continued their upward trend since 1990 and have reached an average of 60 percent today, we can estimate the current size of the Native labor force to be 36 thousand (working aged population of 60 thousand multiplied by .6).

There are several problems with this estimate. The labor force participation rate is based on responses to a series of Census questions designed to measure labor force activity during the time the Census was administered in the early months of 1990. Several important assumptions upon which the questions are based do not hold for rural Alaska. The first is that the supply of jobs in each labor market is large enough so that people who want jobs are likely to be successful if they actively look for work. If this is the case then those who are not working but actively searching for work can be classified as unemployed in contrast to those who are not working but are not actively looking. Those neither working nor actively looking for work are not included in the estimate of the unemployed population and are not included in the labor force.

The assumption of a sufficient number of job opportunities does not hold in many parts of rural Alaska. In many places there are people who would like to work, but they do not actively seek employment using the methods that are typical in a well-developed job market (registering at an employment office, writing letters of application, answering advertisements, for example). Sometimes people who live in locations with well developed labor markets want to work but they do not actively look for work because they become discouraged after spending a long time searching in vain for a job. Although the term for these people, discouraged workers, is sometimes used to describe behavior in rural Alaska, it is not completely accurate. Instead, the decision not to spend time looking for work is rational in many parts of rural Alaska, where there may be no job openings.

The discouraged worker effect results in an underestimate of the labor force participation rate since discouraged workers are counted as not in the labor force when in fact they want to work. We cannot determine the number of discouraged workers at the time that the census questions were asked, but it could be considerable.

The underestimation of the labor force participation rate caused by the discouraged worker effect may be slightly offset by people who responded that they were in the labor market when they were not. Some people who choose not to be working in the market economy may feel that saying that in a survey, such as the census, may be a negative reflection on their behavior. The labor market participation rate would be inflated by these responses.

The second assumption underlying the labor force participation rate generated from the census is that most workers will choose to work most of the year; the third is that there will not be a large seasonal variation in the availability of jobs. If these conditions are both true, then the labor force participation rate measured in the winter or early spring could be used to estimate the rate for the entire year, since it would not change with the seasons. In fact neither of those conditions hold in rural Alaska. Summer is the peak season for subsistence, and many Natives would prefer to work during other seasons and engage in subsistence activities during the summer. So even a perfect measure of labor force participation would change across the seasons. Furthermore the high number of seasonal jobs could change the size of the discouraged worker effect on a seasonal basis. Because more jobs are available in rural Alaska in the summer, an estimated labor force participation rate is likely to be more accurate then, but it could be higher or lower than the observed winter rate.

The conclusion from this analysis is that the census labor force participation rate for Natives, particularly in rural Alaska, is probably low as a measure of the rate during the winter season, but it may be either too high or too low for the summer season. As a measure of the average for an entire year, it could be either too high or too low.

Two alternative measures of participation in the labor market are the **working rate** and the **average weeks worked**. Although they do not take into account the unemployed these measures provide a sense of the actual labor market experience of Natives in comparison to non-Natives. We will discuss these alternative measures in the later section on Native unemployment.

Rapid Growth in Labor Force

In spite of its shortcomings, we can use the labor force participation rates from the census to estimate the past and projected growth in the Native labor force if we assume that there is some consistency over time in the seasonal pattern of participation rates.

We find that the Native labor force has been growing much faster than the overall Native population. Between 1985 and 1995 the Native labor force increased by an estimated 45 percent, about 11 thousand (Table 3), but the population increased by 31 percent, about 23 thousand (Table 4). This differential increase was entirely due to the upward trend in the Native labor force participation rate, because the growth rate of the working age population was slower than overall Native population growth. The increase in the labor force participation rate was the result of two factors. Most was probably attributable to a larger percentage of Natives in each age group choosing to work in the market economy. A small portion was possibly due to the aging of the working age population. Up to a certain age, older people are more likely to be in the labor market than younger people.

We project that the Native labor force will continue to grow rapidly, and continue to outstrip the growth rate of the total Native population for the next 10 years. Although the historical rate of increase in the Native labor force participation rate will likely slow, the share of the population that is of working age will increase due to the coming of age of the large number of Natives born in the last 20 years (Table 5). If the Native labor force participation rate grows to 65 percent by 2005, the Native labor force will increase by 38 percent, about 13 thousand, in a decade (Table 6).

TABLE 3. ESTIMATE OF THE HISTORICAL GROWTH IN THE NATIVE LABOR FORCE

	1985	1995	Change	Percent Change
Population	75,100	98,272	23,172	**30.9 %**
Potential Labor Force	45,834	57,608	11,774	25.7 %
Labor Force Participation Rate	.51	.59		
Labor Force	23,375	33,988	10,613	**45.4 %**

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TABLE 4. HISTORICAL INCREASE IN ALASKA NATIVE POPULATION BY AGE

Age Group	Population				Population Shares				CHANGE				% CHANGE			
	1980	1985	1990	1995	1980	1985	1990	1995	80-85	85-90	90-95	85-95	80-85	85-90	90-95	85-95
Total	64,103	75,100	86,252	98,272					10,997	11,152	12,020	23,172	17.2%	14.9%	13.9%	30.9%
0-4	7,320	11,278	12,128	12,622	11.4%	15.0%	14.1%	12.8%	3,958	850	494	1,344	54.1%	7.5%	4.1%	11.9%
5-9	6,867	7,689	10,215	12,480	10.7%	10.2%	11.8%	12.7%	822	2,526	2,265	4,791	12.0%	32.9%	22.2%	62.3%
10-14	7,495	6,906	8,228	10,724	11.7%	9.2%	9.5%	10.9%	(589)	1,322	2,496	3,818	-7.9%	19.1%	30.3%	55.3%
15-19	8,346	7,483	7,164	8,561	13.0%	10.0%	8.3%	8.7%	(863)	(319)	1,397	1,078	-10.3%	-4.3%	19.5%	14.4%
20-24	6,899	8,268	7,003	7,121	10.8%	11.0%	8.1%	7.2%	1,369	(1,265)	118	(1,147)	19.8%	-15.3%	1.7%	-13.9%
25-29	5,639	7,055	8,146	6,900	8.8%	9.4%	9.4%	7.0%	1,416	1,091	(1,246)	(155)	25.1%	15.5%	-15.3%	-2.2%
30-34	4,373	5,955	7,458	7,928	6.8%	7.9%	8.6%	8.1%	1,582	1,503	470	1,973	36.2%	25.2%	6.3%	33.1%
35-39	3,458	4,470	6,269	7,476	5.4%	6.0%	7.3%	7.6%	1,012	1,799	1,207	3,006	29.3%	40.3%	19.3%	67.3%
40-44	2,883	3,397	4,607	6,390	4.5%	4.5%	5.3%	6.5%	514	1,210	1,783	2,993	17.8%	35.6%	38.7%	88.1%
45-49	2,654	2,794	3,575	4,639	4.1%	3.7%	4.1%	4.7%	140	781	1,064	1,845	5.3%	28.0%	29.8%	66.0%
50-54	2,179	2,598	2,864	3,407	3.4%	3.5%	3.3%	3.5%	419	266	543	809	19.2%	10.2%	19.0%	31.1%
55-59	1,802	2,126	2,556	2,763	2.8%	2.8%	3.0%	2.8%	324	430	207	637	18.0%	20.2%	8.1%	30.0%
60-64	1,307	1,688	1,957	2,423	2.0%	2.2%	2.3%	2.5%	381	269	466	735	29.2%	15.9%	23.8%	43.5%
65-69	1,198	1,202	1,552	1,728	1.9%	1.6%	1.8%	1.8%	4	350	176	526	0.33%	29.1%	11.3%	43.8%
70-74	764	997	1,001	1,350	1.2%	1.3%	1.2%	1.4%	233	4	349	353	30.50%	0.4%	34.9%	35.4%
75-79	522	641	811	813	0.8%	0.9%	0.9%	0.8%	119	170	2	172	22.80%	26.5%	0.3%	26.8%
80-84	209	350	428	550	0.3%	0.5%	0.5%	0.6%	141	78	122	200	67.46%	22.3%	28.5%	57.1%
85+	188	203	290	397	0.3%	0.3%	0.3%	0.4%	15	87	107	194	7.98%	42.9%	36.9%	95.5%
0-4	7,320	11,278	12,128	12,622	11.4%	15.0%	14.1%	12.8%	3,958	850	494	1,344	54.07%	7.5%	4.1%	11.9%
5-14	14,362	14,595	18,443	23,204	22.4%	19.4%	21.4%	23.6%	233	3,848	4,761	8,609	1.62%	26.4%	25.8%	59.0%
15-64	39,540	45,834	51,599	57,608	61.7%	61.0%	59.8%	58.6%	6,294	5,765	6,009	11,774	15.92%	12.6%	11.7%	25.7%
65+	2,881	3,393	4,082	4,838	4.5%	4.5%	4.7%	4.9%	512	689	756	1,445	17.77%	20.3%	18.5%	42.6%

Source: Alaska Department of Labor

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TABLE 5. PROJECTED NATIVE POPULATION BY AGE

Age Group	Population by Age				Share of Population by Age				Change in Population					Percent Change in Population				
	1995	2000	2005	2010	1995	2000	2005	2010	95-00	00-05	05-10	95-05	95-10	95-00	00-05	05-10	95-05	95-10
Total	97,400	108,700	121,000	135,200	100%	100%	100%	100%	11,300	12300	14200	23600	37800	11.6%	11.3%	11.7%	24.2%	38.8%
0-4	13,710	14,199	15,564	17,816	14.1%	13.1%	12.9%	13.2%	489	1,365	2,252	1,854	4,106	3.6%	9.6%	14.5%	13.5%	30.0%
5-9	11,994	13,535	14,007	15,357	12.3%	12.5%	11.6%	11.4%	1,541	472	1,350	2,013	3,363	12.9%	3.5%	9.6%	16.6%	28.0%
10-14	10,185	11,883	13,408	13,880	10.5%	10.9%	11.1%	10.3%	1,698	1,525	472	3,223	3,695	16.7%	12.8%	3.5%	31.6%	36.3%
15-19	8,059	9,950	11,621	13,118	8.3%	9.2%	9.6%	9.7%	1,891	1,671	1,497	3,562	5,059	23.5%	16.8%	12.9%	44.2%	62.8%
20-24	7,237	8,222	10,117	11,800	7.4%	7.6%	8.4%	8.7%	985	1,895	1,683	2,880	4,563	13.6%	23.1%	16.6%	39.8%	63.1%
25-29	6,948	7,505	8,515	10,431	7.1%	6.9%	7.0%	7.7%	557	1,010	1,916	1,567	3,483	8.0%	13.5%	22.5%	22.6%	50.1%
30-34	8,122	6,975	7,538	8,553	8.3%	6.4%	6.2%	6.3%	-1,147	563	1,015	-584	431	-14.1%	8.1%	13.5%	-7.2%	5.3%
35-39	7,248	7,927	6,812	7,370	7.4%	7.1%	5.6%	5.5%	679	-1,115	558	-436	122	9.4%	-14.1%	8.2%	-6.0%	1.7%
40-44	6,083	6,942	7,591	6,502	6.3%	6.4%	6.1%	4.8%	859	649	-1,089	1,508	419	14.1%	9.4%	-14.4%	24.8%	6.9%
45-49	4,420	5,799	6,629	7,250	4.5%	5.3%	5.5%	5.4%	1,379	830	621	2,209	2,830	31.2%	14.3%	9.4%	50.0%	64.0%
50-54	3,424	4,182	5,506	6,304	3.5%	3.9%	4.6%	4.7%	758	1,324	798	2,082	2,880	22.1%	31.7%	14.5%	60.8%	84.1%
55-59	2,641	3,168	3,886	5,151	2.7%	2.9%	3.2%	3.8%	527	718	1,265	1,245	2,510	20.0%	22.7%	32.6%	47.1%	95.0%
60-64	2,338	2,378	2,861	3,538	2.4%	2.2%	2.4%	2.6%	40	483	677	523	1,200	1.7%	20.3%	23.7%	22.4%	51.3%
65-69	1,761	2,076	2,125	2,572	1.8%	1.9%	1.8%	1.9%	315	49	447	364	811	17.9%	2.4%	21.0%	20.7%	46.1%
70-74	1,401	1,568	1,857	1,915	1.4%	1.4%	1.5%	1.4%	167	289	58	456	514	11.9%	18.4%	3.1%	32.6%	36.7%
75-79	851	1,202	1,368	1,633	0.9%	1.1%	1.1%	1.2%	351	166	265	517	782	41.3%	13.8%	19.4%	60.8%	91.9%
80-84	604	641	918	1,078	0.6%	0.6%	0.8%	0.8%	37	277	160	314	474	6.1%	43.2%	17.4%	52.0%	78.5%
85+	374	548	677	932	0.4%	0.5%	0.6%	0.7%	174	129	255	303	558	46.5%	23.5%	37.7%	81.0%	149.2%
0-4	13,710	14,199	15,564	17,816	14.1%	13.1%	12.9%	13.2%	489	1,365	2,252	1,854	4,106	3.6%	9.6%	14.5%	13.5%	30.0%
5-14	22,179	25,418	27,415	29,237	22.8%	23.4%	22.7%	21.6%	3,239	1,997	1,822	5,236	7,058	14.6%	7.9%	6.7%	23.6%	31.8%
15-64	56,520	63,048	71,076	80,017	58.0%	58.0%	58.7%	59.2%	6,528	8,028	8,941	14,556	23,497	11.6%	12.7%	12.4%	25.8%	41.6%
65+	4,991	6,035	6,945	8,130	5.1%	5.6%	5.7%	6.0%	1,044	910	1,185	1,954	3,139	20.9%	15.1%	17.1%	39.2%	62.9%

Source: Alaska Department of Labor, Alaska Population Projections, 1991, Middle Series

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TABLE 6. ESTIMATE OF PROJECTED GROWTH IN THE NATIVE LABOR FORCE				
	1995	2005	Change	Percent Change
Population	97,400	121,000	23,600	24.2 %
Potential Labor Force	56,520	71,076	14,556	25.8 %
Labor Force Participation Rate	.59	.65		
Labor Force	33,346	46,199	12,853	38.5 %

The changing age distribution of the Native population has important implications for the Native labor force, beyond affecting its size. A large number of Natives born since 1980 will shortly be reaching the age when they will be entering the labor market. This increase in supply of young workers will increase the competition for first-time jobs. This is in contrast to the last decade, during which the number of Natives aged 15-24 hardly increased (Figure 1). In the next decade, between 1995 and 2005, we expect the number of young working aged Natives to increase by over 6 thousand or 42 percent - from 15 thousand to almost 22 thousand (Figure 2).

Also, the number of Natives between the ages of 45 and 60 will increase significantly. Native population between the ages of 30 and 40 will actually decline slightly.

The labor force participation rate is low for the population under 20, is approximately constant from age 20 to 50 and then begins to fall off again (Figure 3). Thus the changing age structure of the Native working age population will have some effect on the overall Native labor force participation rate, but we have not incorporated that fact into our simple estimate of growth in the labor force in the next decade.

It is important to recognize that the working age share of the Native population is much smaller than it is for the non-Native population. A comparison of the age distributions of the Native with the non-Native populations shows that the share of the Native population under 20 greatly exceeds that of non-Natives. In contrast the share of the Native population older than 20 is much smaller than that of non-Natives (Figure 4). In 1997 although Natives comprised 16 percent of the total Alaska population, they were only 14 percent of the working aged population. In contrast, the school aged population (aged 5 to 14) is 22 percent Native (Table 7).

TABLE 7. AGE DISTRIBUTION OF U.S., ALASKA, AND NATIVE POPULATIONS IN 1996				
Age	United States	Alaska	Natives	Native Share of Alaska
Total	100%	100%	100%	16%
<5	7%	9%	13%	23%
5-14	15%	18%	24%	22%
15-24	13%	14%	16%	19%
15-64	65%	68%	59%	14%
65+	13%	5%	5%	17%

FIGURE 1. HISTORICAL CHANGE IN NATIVE POPULATION BY AGE COHORT, 1985 - 1995

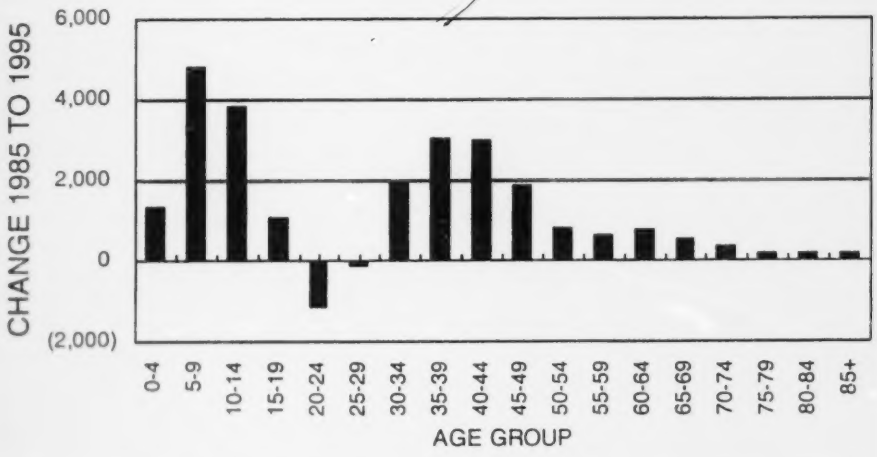
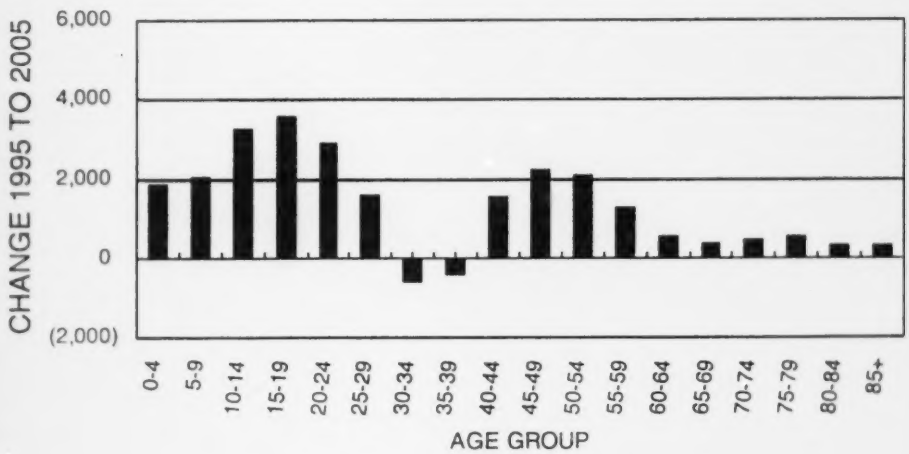


FIGURE 2. PROJECTED CHANGE IN NATIVE POPULATION BY AGE COHORT, 1995 - 2005



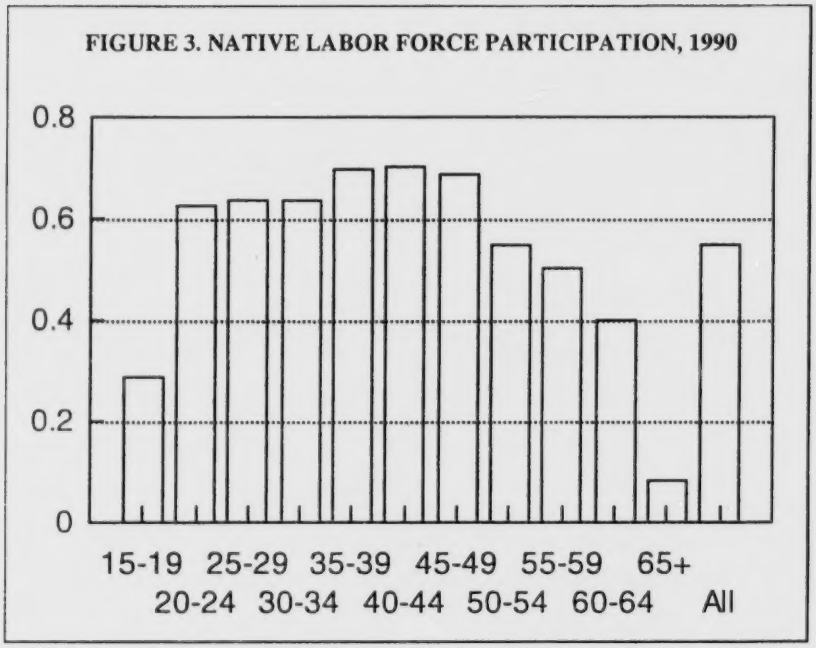


FIGURE 3. NATIVE LABOR FORCE PARTICIPATION, 1990
0.8
0.6
0.4
0.2
0
15-19
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64
65+
All

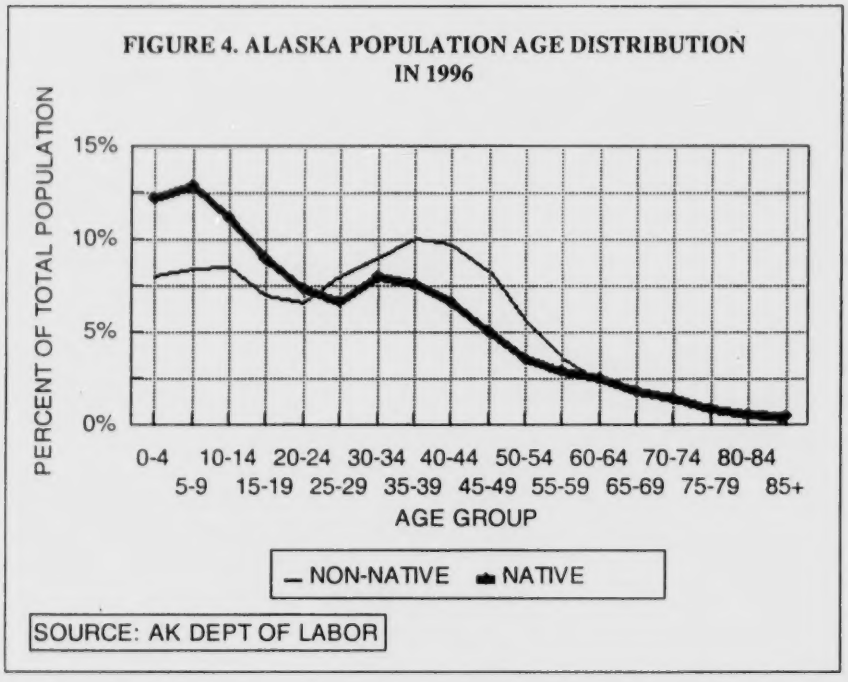


FIGURE 4. ALASKA POPULATION AGE DISTRIBUTION IN 1996
PERCENT OF TOTAL POPULATION
15%
10%
5%
0%
0-4
5-9
10-14
15-19
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64
65-69
70-74
75-79
80-84
85+
AGE GROUP
NON-NATIVE
NATIVE
SOURCE: AK DEPT OF LABOR

The Native Labor Force is Concentrated in Small Rural Areas

Of the six labor market areas (aggregates of census areas) identified by the Alaska Department of Labor, the largest share of Natives, about 28 percent, live in Southwest Alaska, concentrated in the Bethel, Wade Hampton, and Dillingham census areas (Table 8). Furthermore, with the exception of the Bristol Bay Borough, Natives are the majority in each of the census areas of Southwest Alaska. Next in importance is the Greater Anchorage area, primarily the Municipality of Anchorage, which is home to about 23 percent of Alaska Natives. However, in this most urban part of the state, Natives make up less than 8 percent of the population. About 17 percent of Alaska Natives live in the Northern labor market area, where they form the majority of residents of each census area.

The remaining 33 percent of Natives are a minority in the other 3 labor market areas. About 14 percent of Alaska Natives live in Southeast Alaska where the largest minorities are in the Skagway and Prince of Wales—Outer Ketchikan census areas. Roughly 11 percent of Alaska Natives live in Interior Alaska, mostly in the Yukon Koyukuk census area. The remaining 7 percent live in the Gulf Coast labor market area.

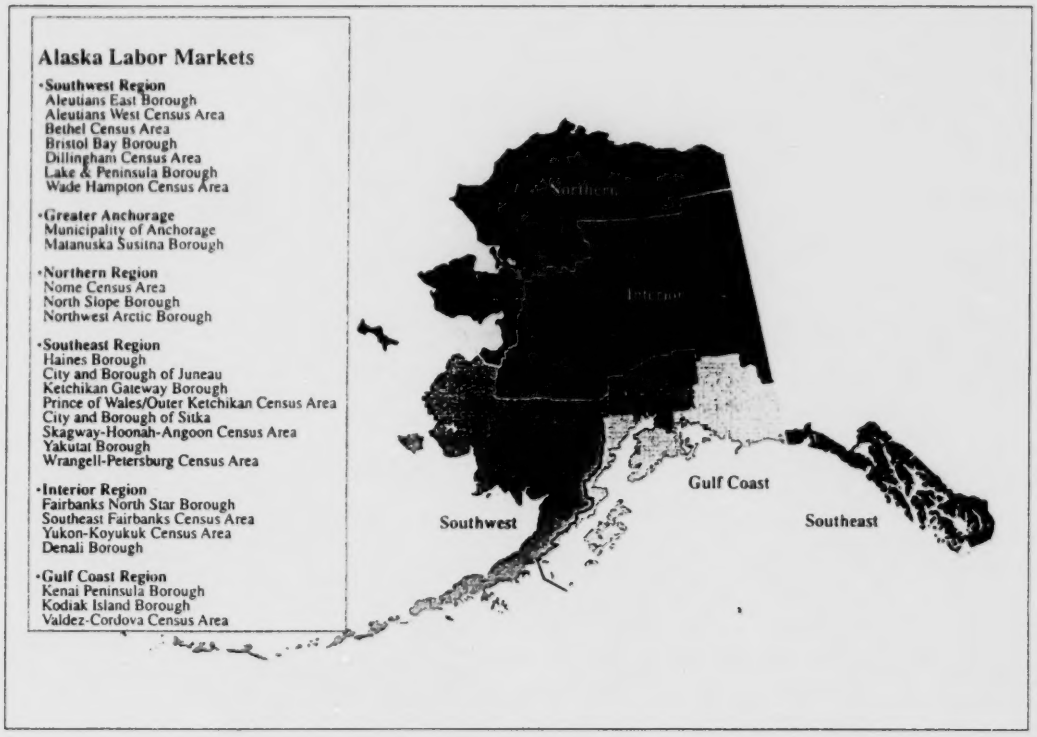


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TABLE 8. DISTRIBUTION OF THE 1997 NATIVE POPULATION BY LABOR MARKET AREA

	Native American	Area's Share of Statewide Native Total	Percent of Area Population that is Native	Native Population Growth, '80-'97	Area's Share of Native Population Growth
Total	101,904			37,801	
SOUTHWEST	28,354	**27.8%**	**75.2%**	8,946	23.7%
Aleutian Islands	2,940	2.9%	38.7%	1,006	2.7%
Bethel	13,531	13.3%	86.8%	4,284	11.3%
Bristol Bay Borough	527	0.5%	41.5%	167	0.4%
Dillingham	4,967	4.9%	78.8%	1,447	3.8%
Wade Hampton	6,389	6.3%	92.5%	2,042	5.4%
GREATER ANCHORAGE	22,982	**22.6%**	**7.5%**	13,341	35.3%
Anchorage	20,083	19.7%	7.9%	11,130	29.4%
Mat Su Borough	2,899	2.8%	5.5%	2,211	5.8%
NORTHERN	17,321	**17.0%**	**74.8%**	4,809	12.7%
Nome	7,400	7.3%	80.6%	2,226	5.9%
North Slope Borough	4,086	4.0%	56.3%	861	2.3%
Northwest Arctic Borough	5,835	5.7%	87.1%	1,722	4.6%
SOUTHEAST	14,548	14.3%	19.6%	4,766	12.6%
Haines	367	0.4%	15.2%	153	0.4%
Juneau	3,889	3.8%	13.0%	1,699	4.5%
Ketchikan	1,973	1.9%	13.5%	567	1.5%
Prince of Wales	2,990	2.9%	43.5%	1,339	3.5%
Sitka	1,998	2.0%	22.9%	329	0.9%
Skagway Yakutat Angoon	2,055	2.0%	44.8%	593	1.6%
Wrangell/Petersburg	1,276	1.3%	17.7%	86	0.2%
INTERIOR	11,358	11.1%	11.7%	3,280	8.7%
Fairbanks North StarBoro	5,906	5.8%	7.2%	2,919	7.7%
Southeast Fairbanks	868	0.9%	13.7%	143	0.4%
Yukon Koyukuk	4,584	4.5%	55.5%	218	0.6%
GULF COAST	7,341	7.2%	10.2%	2,659	7.0%
Kenai Peninsula	3,554	3.5%	7.4%	1,816	4.8%
Kodiak	2,295	2.3%	16.9%	411	1.1%
Valdez/Cordova	1,492	1.5%	14.3%	432	1.1%

Source: Alaska Department of Labor

Within each labor market area Alaska Natives are concentrated in the smaller places. Over half of those living in census places (and almost all do) are in communities of less than 1 thousand residents. Natives form the majority of the population in 161 of the 278 places of less than 1 thousand in Alaska (Table 9). But 29 percent live in the three largest urban areas of the state—Anchorage, Fairbanks, and Juneau.

If we ranked places from smallest to largest, we would find that nearly 60 percent of Alaska Natives live in the smallest places- places that contain only 20 percent of the total Alaska population (Figure 5). More than 70 percent of Natives can be found in the smallest places containing 40 percent of the population of the state.

TABLE 9. PREDOMINANCE OF NATIVES IN SMALLEST PLACES

Place Size	Number of Places	Number of Places Natives Predominate	Native Share Of Pop
Largest Places	3	0	7%
Rest of Alaska	311	167	35%
Places with population of:			
5,000 -10,000	4	0	15%
2,000 -5,000	20	5	22%
1,000 -2,000	9	1	16%
500-1,000	39	23	54%
400-500	19	9	51%
300-400	30	22	72%
200-300	33	21	61%
100-200	74	48	62%
0-100	83	38	50%

Source: U.S.Census
Note: Not all people live in locations defined as places by the census.

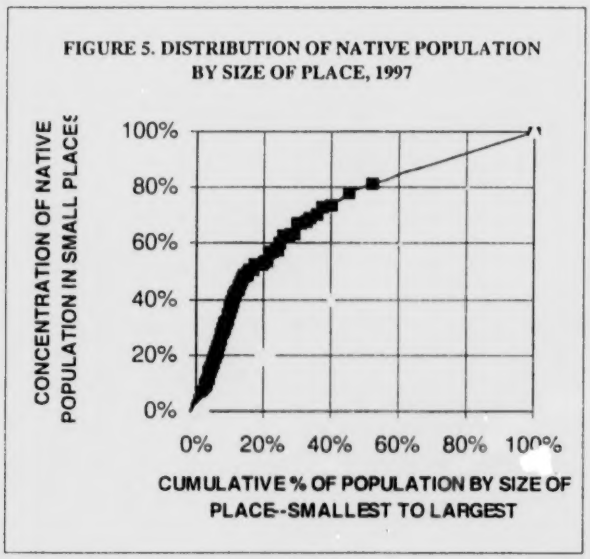
FIGURE 5. DISTRIBUTION OF NATIVE POPULATION BY SIZE OF PLACE, 1997
CONCENTRATION OF NATIVE POPULATION IN SMALL PLACES
100%
80%
60%
40%
20%
0%
0% 20% 40% 60% 80% 100%
CUMULATIVE % OF POPULATION BY SIZE OF PLACE--SMALLEST TO LARGEST

Native labor force participation is higher in larger places, partly because the working aged population is concentrated in the larger places (Table 10). About 67 percent of Natives in the largest places (Anchorage, Fairbanks, and Juneau) are of working age. In contrast only 60 percent of the population in places with 3 to 4 hundred residents are of working age. Labor force participation rates are also higher in the larger places (Table 11). Among Native men, 73 percent are in the labor force in the largest places while only 50 percent are in the labor force in communities of 3 to 4 hundred. As a consequence 32 percent of the Native labor force was located in the largest places in 1990 while only 27 percent of the Native population was located in those places (Table 12).

TABLE 10. DISTRIBUTION OF NATIVE WORKING AGED POPULATION BY SIZE OF PLACE, 1990

	Native Population	Working Aged Natives	Percent Natives who are of Working Age
Largest Places	22,191	14,924	67.3%
Rest of Alaska	59,888	36,679	62.0%
Places with population of:			
5,000 -10,000	4,426	2,979	67.3%
2,000 -5,000	13,334	8,508	63.8%
1,000 -2,000	2,027	1,309	64.6%
500-1,000	13,738	8,193	59.%
400-500	4,344	2,623	60.4%
300-400	7,391	4,401	59.6%
200-300	5,061	3,089	61.0%
100-200	6,588	4,087	62.0%
0-100	2,279	1,493	65.5%

Source: U.S. Census

TABLE 11. LABOR FORCE PARTICIPATION RATE BY SIZE OF PLACE, 1990

	Native Males	Native Females	White Males	White Females
Largest Places	73%	53%	87%	71%
Rest of Alaska	57%	50%	82%	65%
Places with population of:				
5,000 -10,000	77%	58%	85%	69%
2,000 -5,000	59%	60%	83%	66%
1,000 -2,000	64%	52%	78%	62%
500-1,000	55%	47%	85%	64%
400-500	54%	41%	74%	56%
300-400	50%	44%	79%	62%
200-300	54%	47%	77%	58%
100-200	53%	46%	84%	65%
0-100	51%	46%	75%	51%

Source: U.S. Census

Table 12. Distribution Of The Native Labor Force By Size Of Place, 1990				
	Population	Labor Force	Population Share	Labor Force Share
Total	81,379	28,911	100%	100%
Largest Places	22,191	9,243	27.3%	32%
Rest of Alaska	59,188	19,668	72.7%	68%
Places with population of:				
5,000 -10,000	4,426	1,992	5.4%	6.9%
2,000 -5,000	13,334	5,042	16.4%	17.4%
1,000 -2,000	2,027	770	2.5%	2.7%
500-1,000	13,738	4,196	16.9%	14.5%
400-500	4,344	1,255	5.3%	4.3%
300-400	7,391	2,084	9.1%	7.2%
200-300	5,061	1,565	6.2%	5.4%
100-200	6,588	2,035	9.1%	7.0%
0-100	2,279	729	2.8%	2.5%

Source: U.S. Census

Growth In The Native Labor Force Will Be Concentrated In Urban Areas

Between 1980 and 1997 more than one third (13,341) of the increase in Native population (37,801) occurred in the Greater Anchorage area, which increased its share of the total Native population to 23 percent (Table 8). All other labor markets lost share. This migration-driven shift is likely to continue as employment opportunities expand in urban Alaska relative to the rural parts of the state. (See Jobs Outlook section below)

Within the labor market areas, Native population grew fastest in the three largest urban areas -Anchorage, Fairbanks, and Juneau- as well as in two census areas adjacent to large urban areas -Kenai Peninsula and Prince of Wales-Outer Ketchikan. As a result not only the number but also the share of Natives living in these areas increased. The Native population increased in all other census areas, but not fast enough for them to retain their share of the total Native population.

Small and remote places have continued to grow, but at a much slower rate than larger places connected to urban markets. Between 1980 and 1997 the total population grew at an annual rate of 3.1 percent, but places not on the road system grew at about half that rate—1.6 percent (Table 13). These places are mostly Native villages. We expect this trend to continue as well.

Table 13. Population Growth by Location					
	Population			Annual Growth Rate	
	1980	1990	1997	1980-1990	1980-1997
Total	401,855	550,043	611,301	3.7%	3.1%
Within 20 Miles Of University Campus	247,475	330,162	366,237	3.3%	2.8%
Within 20 Miles Of Extended Site	85,712	130,086	149,484	5.2%	4.4%
On Road System but more than 20 Miles From University Site	13,157	20,369	25,399	5.5%	5.5%
Not On Road System	55,510	69,426	70,182	2.5%	1.6%

Source: Current And Future Demand For Distance Education, ISER, 1998.

The Job Outlook

More Than Half the Jobs in the Economy are Support or State and Local Government Jobs

The 306 thousand jobs in Alaska can be divided into four general categories (Figure 6 and Table 14).

FIGURE 6. ALASKA EMPLOYMENT, 1995

SOURCE: INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, UAA

Jobs by Sector

Basic jobs are activities that bring new money into the economy from Outside. Private sector basic activities include the traditional resource producing and processing industries of mining, forest products, seafood, and petroleum (and a tiny agriculture industry). Two service industries, tourism and international freight handling, also bring new money into the state. Basic industries drive economic growth since the money they bring into the economy provides the base for growth and development of the other parts of the economy. Private basic employment of 49 thousand is concentrated in petroleum, seafood, and tourism, with smaller amounts in mining, forest products and agriculture (Table 14). We also classify federal government activity as basic because the money to pay the wages of both civilian and military federal workers flows in from outside the state, and provides money for growth in the other sectors of the economy. There are 37 thousand federal government jobs in Alaska.

Total basic employment, including both self-employed workers and those working for others, is 87 thousand, or 28 percent of all jobs. These figures represent the average annual employment in basic industries (the average number of jobs each month). Since seafood and tourism are highly seasonal, the count of total jobs in these industries is much higher than the annual average, but the duration of the average job is relatively short. Because the count of jobs is larger, the number of workers in these industries will also be greater than the annual average, but many of the workers will only be employed in the industry for a portion of the year.

Infrastructure jobs consist of construction, transportation, public utilities (including communications), and business services. There are about 39 thousand jobs in this category, about 13 percent of all jobs.

Interim Report

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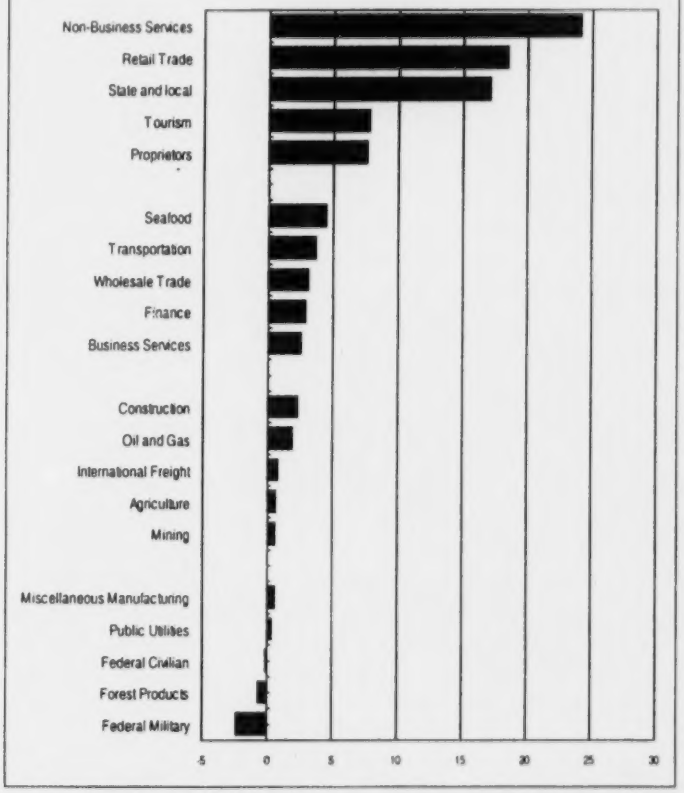
Support jobs are activities that provide services (and to a small extent goods) to Alaska households and businesses (except clearly identifiable business services included in Infrastructure). Trade and non-business services are the main industries in this the largest sector of the economy. About 126 thousand jobs are in support, 41 percent of all jobs.

State and Local Government employment accounts for the remaining 53 thousand jobs, 17 percent of the total.

Job Growth, 1980 to 1995

Between 1980 and 1995, 96 thousand jobs -an annual growth rate of 2.5 percent- were added to the economy, in spite of a severe recession in the late 1980s. The majority of the new jobs, 59 percent or 57 thousand, were in the support sector (Figure 7). Jobs in companies providing services accounted for 24 thousand. This is a broad industry category that includes a wide range of occupations such as health services and personal services. Next in order of importance were 22 thousand jobs added in trade, both retail and wholesale. Proprietor (self-employed persons) jobs increased by 8 thousand. These jobs were also mostly providing services or operating solely owned retail establishments.

FIGURE 7. JOBS ADDED TO THE ECONOMY, 1980-1995 (thousands)



State and local governments added about 17 thousand jobs, mostly at the local level - a 2.6 percent annual growth rate. Infrastructure jobs, divided among transportation, business services, and construction, increased by 9 thousand during this interval. Basic sector job growth added 13 thousand jobs for an annual growth rate of 1.1 percent. The increase was mostly in tourism related jobs, seafood, and petroleum. Military and civilian federal government employment fell as did forest products in the private sector. International air freight jobs increased rapidly, but mostly in the last 5 years.

Taken together, non-business services, retail trade, state and local government, tourism (mostly trade and services jobs), and proprietors (again mostly service and trade) accounted for nearly 80 thousand new jobs between 1980 and 1995.

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Table 14. Alaska Employment (Thousands)

	1961	1965	1970	1975	1980	1985	1990	1995	Annual Growth Rate 61-90	Annual Growth Rate 80-95	Jobs Added 80-95	Share of Jobs Added
Total	94.83	109.63	133.83	199.86	209.54	274.40	283.58	305.65	3.8%	2.5%	96.10	100.0%
Basic	59.23	62.67	64.45	77.44	73.60	79.84	89.43	86.66	1.4%	1.1%	13.06	13.6%
Private												
Oil and Gas	0.60	0.66	2.69	18.24	7.96	11.27	11.91	10.30	10.9%	1.7%	2.34	2.4%
Seafood	7.04	7.59	8.49	8.70	15.43	14.75	18.69	19.93	3.4%	1.7%	4.50	4.7%
Forest Products	1.83	2.33	2.76	3.44	3.95	3.58	4.71	3.25	3.3%	-1.3%	-0.70	-0.7%
Mining	0.59	0.43	0.35	0.38	0.53	0.64	1.22	1.13	2.5%	5.1%	0.60	0.6%
Tourism	1.05	1.19	1.54	2.99	5.79	8.48	10.47	13.53	8.3%	5.8%	7.74	8.1%
Agriculture	0.02	0.04	0.08	0.13	0.22	0.49	0.57	0.86	12.2%	9.5%	0.64	0.7%
International Freight								0.85	na	na	0.85	0.9%
Federal Govt												
Federal Civilian	15.60	17.43	17.11	18.29	17.72	17.57	18.73	17.58	0.6%	-0.1%	-0.14	-0.1%
Federal Military	32.50	33.00	31.43	25.27	22.00	23.07	23.13	19.63	-1.2%	-0.8%	-2.37	-2.5%
Infrastructure	11.57	14.88	17.69	34.31	30.06	41.72	34.37	39.05	3.8%	1.8%	8.99	9.4%
Construction	4.05	6.45	6.89	11.13	10.17	17.39	10.28	12.57	3.3%	1.4%	2.40	2.5%
Transportation	4.15	4.47	6.13	11.33	9.08	9.91	11.69	12.79	3.6%	2.3%	3.71	3.9%
Public Utilities	2.67	2.56	2.67	4.53	5.74	6.14	5.74	6.06	2.7%	0.4%	0.32	0.3%
Business Services	0.70	1.40	2.00	7.32	5.07	8.29	6.66	7.63	8.1%	2.8%	2.56	2.7%
Support	15.83	19.85	33.25	59.27	69.60	103.64	108.78	126.46	6.9%	4.1%	56.86	59.2%
Wholesale Trade	1.65	1.85	3.24	5.91	5.53	8.73	8.04	8.65	5.6%	3.0%	3.12	3.2%
Retail Trade	6.10	7.62	11.51	19.10	21.55	33.68	33.73	40.06	6.1%	4.2%	18.51	19.3%
Finance	1.52	2.17	3.10	6.05	7.65	11.62	9.17	10.56	6.4%	2.2%	2.91	3.0%
Non-Business Services	4.58	5.64	8.83	16.62	22.30	31.34	38.97	46.47	7.7%	5.0%	24.17	25.1%
Proprietors	1.29	1.60	5.29	9.71	10.14	15.10	15.84	17.69	9.0%	3.8%	7.56	7.9%
Miscellaneous Manufacturing	0.69	0.96	1.29	1.87	2.42	3.17	3.03	3.03	5.2%	1.5%	0.61	0.6%
State and Local Government	8.20	12.23	18.44	28.84	36.29	49.20	51.00	53.48	6.5%	2.6%	17.19	17.9%
Alaska Employment Shares												
Basic	62%	57%	48%	39%	35%	29%	32%	28%				
Infrastructure	12%	14%	13%	17%	14%	15%	12%	13%				
Support	17%	18%	25%	30%	33%	38%	38%	41%				
State and Local Govt	9%	11%	14%	14%	17%	18%	18%	17%				

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Job Growth Will Slow but Continue to Favor Support Industries

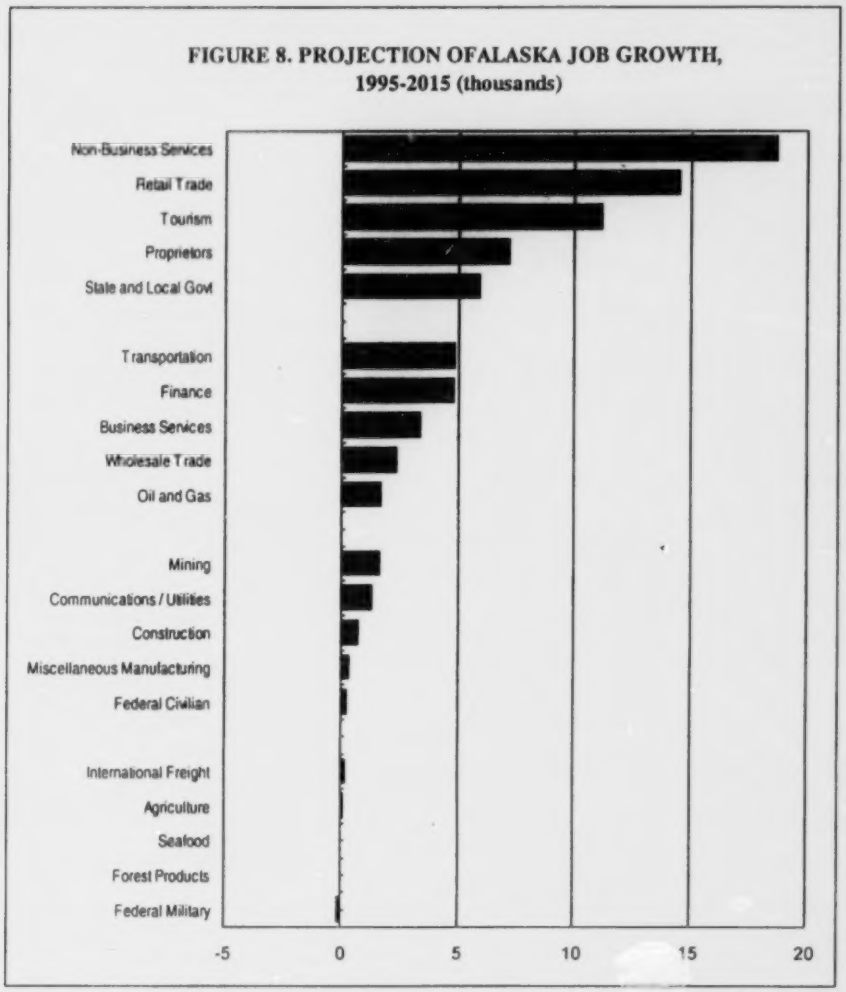

FIGURE 8. PROJECTION OFALASKA JOB GROWTH, 1995-2015 (thousands)

Economic growth is slowing and we project that between 1995 and 2015 there will be 79 thousand jobs added to the economy. As with the recent past, most of these jobs, 61 percent, will be Support sector jobs, in services and trade (Figure 8 and Table 15). Basic sector jobs will account for the next largest share, 19 percent. Most of these jobs will also be in services and trade, in the tourist industry, which is projected to be the fastest growing basic sector industry in the coming years. Mining and petroleum are the other basic sector industries projected to add a significant number of jobs, but together they will account for less than 4 thousand new jobs —about 4 percent of the total. Employment in seafood and forest products is projected to remain at current levels. The international freight industry is enjoying a boom currently, but its rate of increase is unlikely to continue for the length of this projection. Federal employment is unlikely to increase, and agriculture accounts for an insignificant number of jobs.

Infrastructure jobs will account for 10 thousand jobs, about 13 percent of the total increase. Most of these will be in transportation and business services. State and local government will continue to grow, adding 6 thousand jobs - considerably less than the 17 thousand jobs added during the previous 15 years, and about 7.percent of all new jobs.

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Table 15. Projection of Employment by Industry (Thousands)					
	1996	2015	Job Growth	Percent Increase	Share of New Jobs
Total	309.05	388.28	79.23	25.6%	100.0%
Basic	86.74	101.69	14.95	17.2%	18.9%
Private	51.22	66.06	14.84	29.0%	18.7%
Oil and Gas	11.91	13.59	1.67	14.0%	2.1%
Seafood	18.93	18.95	0.02	0.1%	0.0%
Forest Products	2.53	2.54	0.01	0.2%	0.0%
Mining	1.12	2.75	1.63	146.2%	2.1%
Tourism	13.30	24.49	11.18	84.1%	14.1%
Agriculture	1.58	1.71	0.13	8.0%	0.2%
International Freight	1.85	2.05	0.20	10.9%	0.3%
Federal Govt.	35.52	35.63	0.11	0.3%	0.1%
Federal Civilian	17.10	17.36	0.26	1.5%	0.3%
Federal Military	18.42	18.27	-0.15	-0.8%	-0.2%
Infrastructure	38.39	48.66	10.27	26.7%	13.0%
Construction [a]	10.70	11.41	0.71	6.6%	0.9%
Transportation [b]	12.10	16.97	4.87	40.2%	6.1%
Communications / Public Utilities	6.36	7.69	1.33	20.9%	1.7%
Business Services	9.23	12.59	3.36	36.4%	4.2%
Support	130.63	178.72	48.09	36.8%	60.7%
Wholesale Trade	9.48	11.87	2.39	25.2%	3.0%
Retail Trade [c]	42.05	56.55	14.51	34.5%	18.3%
Finance [c]	12.44	17.25	4.81	38.6%	6.1%
Non-Business Services	45.72	64.43	18.71	40.9%	23.6%
Proprietors [d]	17.97	25.17	7.20	40.0%	9.1%
Miscellaneous Manufacturing	3.09	3.44	0.35	11.5%	0.4%
State and Local Govt	53.28	59.21	5.92	11.1%	7.5%
State Govt	21.27	23.01	1.74	8.2%	2.2%
Local Govt	32.01	36.19	4.18	13.1%	5.3%

Source: ISER Economic Projections , Base Case, 1997
a. Net Petroleum related construction
b. Net of Petroleum pipelines and tourist related transport
c. Net of Tourist related activity
d. Net of Fish Harvesters

These employment projections by industry are confirmed by projections of job openings by occupation prepared by the Alaska Department of Labor. Job openings are the sum of new jobs plus net separations. A separation occurs when a worker leaves the industry in which he is working, either through retirement, temporarily dropping out of the labor market, or changing occupations. A change of employment within an industry does not count as a separation. The number of annual job openings will always exceed the growth

in the number of jobs and is a better measure of the opportunities in the job market than just the growth in the number of jobs. However, it is not easy to estimate the number of terminations in an industry each year.

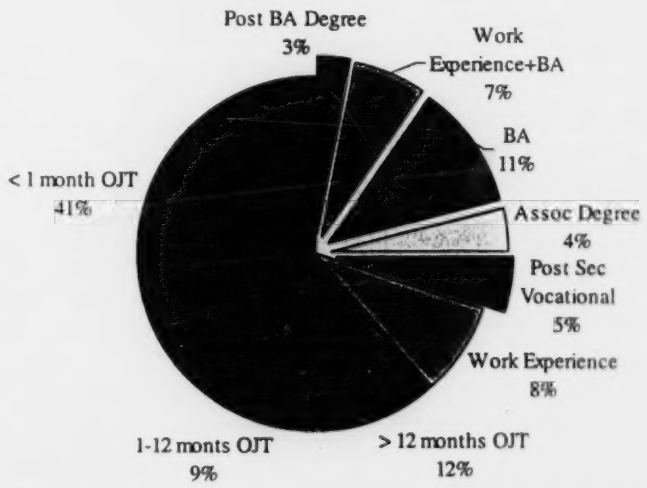
Half of the annual job openings in coming years will be in the categories of service, marketing and sales, and administrative support (including clerical) (Table 16). Significantly, agricultural, forestry and fishing related annual job openings will account for less than 2 percent of the total. Of total job openings, about 30 percent require some formal education beyond high school while about 70 percent require only on the job training (Figure 9).

TABLE 16. ANNUAL PROJECTED NEW JOB OPENINGS

	Number	Percent
Total	10,026	100%
Service Workers	1,920	19.2%
Marketing and Sales	1,482	14.8%
Administrative Support	1,466	14.6%
Professional Specialty	1,290	12.9%
Operators, Fabricators, Laborers	1,218	12.1%
Precision Production, Craft, and Repair	1,100	11%
Executives, Administrators	929	9.3%
Technicians and Related Support	466	4.6%
Agriculture, Forestry, Fishing	155	1.5%

Source: Alaska Department of Labor , Alaska Occupational Outlook to 2005.

FIGURE 9. SHARE OF ANNUAL JOB OPENINGS BY OCCUPATIONAL TRAINING LEVEL



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Most of the New Jobs Will Be in Urban Alaska

The 3 largest cities in the state—Anchorage, Fairbanks, and Juneau- are home to 64 percent of Alaskans, but 68 percent of workers (Table 17). The remaining 32 percent of workers live in all the other smaller places that are home to 36 percent of the population. (This analysis excludes the small portion of the population that does not, according to the U.S. Census, live in designated places). The disparity between population and worker shares is most noticeable in the smallest places. For example the 30 places with 1990 populations between 300 and 400 accounted for 2.2 percent of total population, but only 1.2 percent of workers. Jobs are not quite as concentrated in the largest places as are workers, because some urban workers commute to jobs in rural areas, but the bulk of workers and jobs are clearly concentrated in the urban areas.

TABLE 17. WORKERS BY SIZE OF PLACE, 1990

	Number of Places	Population In Places	Number of Workers	Share of Population	Share of Workers
Total Places	314	471,248	209,268	100%	100%
Largest Places	3	300,432	141,585	63.8%	67.7%
Rest Of Alaska	311	170,816	67,683	36.2%	32.3%
Places woth Population of:					
5,000-10,000	4	29,532	13,736	6.3%	6.6%
2,000-5,000	20	61,055	26,968	13%	12.9%
1,000-2,000	9	12,386	5,245	2.6%	2.5%
500-1,000	39	25,338	8,848	5.4%	4.2%
400-500	19	8,607	2,506	1.8%	1.2%
300-400	30	10,278	2,738	2.2%	1.3%
200-300	33	8,316	2,605	1.8%	1.2%
100-200	74	19,015	6,061	4.0%	2.9%
0-100	83	4,605	1,581	1.0%	.8%

Source: U.S. Census

However, there are some types of jobs that are concentrated in smaller communities. The most significant are natural resource harvesting and processing (agriculture, forestry and fisheries as well as manufacturing). Over 50 percent of those jobs are in smaller places and perhaps another 16 percent outside of census defined places. Health and educational services are also disproportionately represented in the smaller places and outside of places (Table 18).

We expect about 60 percent of the new job opportunities to be concentrated in the Greater Anchorage labor market (Anchorage and the Matanuska-Susitna Borough). An additional 25 percent of the job growth will be in the other labor markets with large urban centers—Juneau in the Southeast labor market and Fairbanks in the Interior labor market. The Southeast will account for 15 percent of the job growth and the Interior will capture an additional 9 percent. The remaining 16 percent of the job growth, 12 thousand jobs, will be divided among the other three primarily rural labor market areas. Since these rural labor markets today account for 21 percent of statewide jobs, they will lose job share over time (Table 19).

Table 18. Distribution of Employment by Residence of Worker, 1990

	Total, All Places	Residence of Worker			Share of Total		
		Cities	Other Places	Not In Places	Cities	Other Places	Not In Places
Total, All Industries	248,379	143,525	69,649	35,205	57.8%	28.0%	14.2%
Agriculture, Forestry, Fisheriersa	8,651	2,313	4,735	1,603	26.7%	54.7%	18.5%
Mining	8,935	5,801	1,925	1,209	64.9%	21.5%	13.5%
Construction	16,184	8,485	4,745	2,954	52.4%	29.3%	18.3%
Non-Durable Manufacturing	8,382	2,927	4,464	991	34.9%	53.3%	11.8%
Durable Manufacturing	6,193	2,029	2,955	1,209	32.8%	47.7%	19.5%
Transportation	18,648	11,073	5,306	2,269	59.4%	28.5%	12.2%
Communications	7,684	4,378	2,248	1,058	57.0%	29.3%	13.8%
Wholesale Trade	7,427	5,098	1,581	748	68.6%	21.3%	10.1%
Retail Trade	39,619	24,313	10,451	4,855	61.4%	26.4%	12.3%
Finance	11,186	8,465	1,608	1,113	75.7%	14.4%	9.9%
Business Services	10,147	7,033	1,901	1,213	69.3%	18.7%	12.0%
Personal Services	7,908	5,295	1,778	835	67.0%	22.5%	10.6%
Recreation Services	3,073	1,874	839	360	61.0%	27.3%	11.7%
Health Services	18,772	9,997	3,992	4,783	53.3%	21.3%	25.5%
Education Services	24,961	11,690	9,332	3,939	46.8%	37.4%	15.8%
Other Services	20,223	13,813	4,222	2,188	68.3%	20.9%	10.8%
Public Administration	30,386	18,941	7,567	3,878	62.3%	24.9%	12.8%

Source: U.S.Census

Table 19. Employment Projection by Labor Market Area, 1996 - 2015

	Thousands of Jobs, 1996	Thousands of Jobs, 2015	Increase, '96-'15	Percent Increase	Share of State Total in 1996	Share of State Growth
Total	309.43	388.28	78.85	25.5%		
Greater Anchorage	155.49	202.63	47.14	30.3%	50.3%	59.8%
Southeast	42.24	53.89	11.65	27.6%	13.6%	14.8%
Interior	43.71	51.23	7.52	17.2%	14.1%	9.5%
Gulf	33.33	40.46	7.13	21.4%	10.8%	9.0%
Northern	13.34	16.70	3.37	25.2%	4.3%	4.3%
Southwest	19.33	21.38	2.05	10.6%	6.2%	2.6%

Source: ISER Projection, 1997 Base Case

This projection of the concentration of new jobs in urban Alaska, as well as the types of new jobs by location, is confirmed by Alaska Department of Labor projections of the increase in jobs by location between 2000 and 2005. The Department's projection shows that 78 percent of new jobs will be concentrated in the urban centers and that most of the new jobs in both urban and rural Alaska will be service producing rather than goods producing or government. Outside the urban areas about 3 thousand jobs will be added in service producing industries, about 1 thousand in goods-producing industries, and fewer than 500 jobs in government (Table 20).

TABLE 20. REGIONAL EMPLOYMENT GROWTH PROJECTIONS

	Projected Increase In Jobs, 2000 To 2005-						Where will the New Jobs Be?					
		Urban					State		Urban		Rest Of State	
	State Total	Anch	Frbks	Southeast	Urban Total	Rest Of State	Share of New Jobs	Share of Existing Jobs	Share of New Jobs	Share of Existing Jobs	Share of New Jobs	Share of Existing Jobs
All Jobs	21,729	11,455	2,715	2,678	16,848	4,881	100%	100%	100%	100%	100%	100%
Service Producing	17,094	9,639	2,189	1,968	13,796	3,298	78.7%	58.6%	81.9%	63.1%	67.6%	44.0%
Services	8,889	5,041	1,210	916	7,167	1,722	40.9%	24.1%	42.5%	25.6%	35.3%	19.2%
Retail Trade	4,284	2,359	584	548	3,491	793	19.7%	17.6%	20.7%	19.3%	16.2%	11.7%
Trans-Comm-Pu	3,406	1,893	348	452	2,693	713	15.7%	9.7%	16.0%	9.9%	14.6%	9.1%
Finance-Ins-Real Est	375	246	32	43	321	54	1.7%	4.1%	1.9%	4.5%	1.1%	2.6%
Wholesale Trade	141	100	15	9	124	17	0.6%	3.3%	0.7%	3.8%	0.3%	1.5%
Goods Producing	3,276	1,294	323	432	2,049	1,227	15.1%	15.4%	12.2%	12.0%	25.1%	26.4%
Mining	1,983	629	193	277	1,099	884	9.1%	4.1%	6.5%	2.8%	18.1%	8.1%
Construction	926	505	131	118	754	172	4.3%	4.9%	4.5%	5.3%	3.5%	3.7%
Ag Forestry Fisheries	283	115	19	60	194	89	1.3%	0.6%	1.2%	0.6%	1.8%	0.6%
Manufacturing	84	46	(20)	(23)	3	81	0.4%	5.8%	0.0%	3.3%	1.7%	13.9%
Government	1,406	547	204	282	1,033	373	6.5%	25.9%	6.1%	24.8%	7.6%	29.4%
Local	686	233	62	103	398	288	3.2%	12.1%	2.4%	9.1%	5.9%	21.6%
State	665	282	133	173	588	77	3.1%	7.4%	3.5%	8.6%	1.6%	3.7%
Federal	56	32	9	6	47	9	0.3%	6.4%	0.3%	7.1%	0.2%	4.1%
Unclassified	(49)	(26)	(1)	(4)	(31)	(18)	-0.2%	0.1%	-0.2%	0.1%	-0.4%	0.2%

Source: Alaska Department of Labor, Alaska Occupational Outlook to 2005.

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Native Employment

Overall information on Native employment by industry is not collected on a regular basis.

Government

Both federal and state government agencies in Alaska are subject to equal employment opportunity (EEO) laws and regulations. The principal laws governing equal employment opportunity are the federal Civil Rights Act of 1978 and Alaska Statute 44.19.451 (a)(12).

These laws and accompanying regulations not only prohibit public agencies from discriminating against employees or job applicants because of their sex, race, religion, or other personal characteristics but also call for agencies to encourage minority hire and prepare annual reports on the level of minority employment. Minorities include women of all races and women and men who are Native American, Black, Hispanic, and Asian.

As a guideline for minority hire, federal agencies are encouraged to have at least the same percentage of minorities in their work forces as are in the national civilian labor force. Federal agencies are required to have, as part of their annual reports, a plan for reaching the target level of minority employment

In general federal and state government jobs are concentrated in urban Alaska. Of federal jobs, 92 percent are located in the labor market areas of Greater Anchorage, Southeast (including Juneau), and Interior (including Fairbanks). Another 4 percent are located in the Gulf Coast labor market, leaving 4 percent of total federal government jobs in the Southwest and Northern labor markets together (Table 21).

About 88 percent of state government jobs are in the three urban labor markets. An additional 8 percent are in the Gulf Coast labor market and the remaining 4 percent are in the Southwest and Northern labor markets.

Local government jobs are much more widely dispersed than either other government jobs or total jobs. Only one-third of local government jobs are in the Greater Anchorage labor market. An additional 26 percent are in the other urban labor markets of Southeast and Interior. The other three labor market areas each have 13 percent of the local government jobs.

Federal Government

The largest federal department in Alaska is the Department of Interior (Table 22). For this draft we collected employment data from the three Interior agencies that manage land near rural Native communities. In the National Park Service, of 865 permanent and temporary employees, 65 (7.5 percent) are Alaska Natives. Of the 396 permanent employees, 32 (8.1 percent) are Alaska Natives. In the U.S. Fish and Wildlife Service, of 481 permanent employees, 53 (11 percent) are Alaska Natives, as are 6 of 75 temporary employees. Data on seasonal employees was not available for this draft. The Bureau of Land Management has 783 employees in Alaska, 38 of whom –or 4.8 percent-are Alaska

Native. The National Weather Service is not part of Interior, but has rural stations. Of its 213 employees, 9 (4 percent) are Native.

TABLE 21. GEOGRAPHICAL DISTRIBUTION OF GOVERNMENT JOBS

	Total Jobs	Federal Jobs	State Jobs	Local Jobs	Share of Total	Share of Federal	Share of State	Share of Local
State	261,487	17,322	21,453	32,354				
Greater Anchorage	130,023	10,161	8,931	10,753	49.7%	58.7%	41.6%	33.2%
Anchorage	119,948	10,023	8,095	8,940	45.9%	57.9%	37.7%	27.6%
Matsu	10,075	138	836	1,813	3.9%	0.8%	3.9%	5.6%
Interior	35,569	3,827	4,568	4,046	13.6%	22.1%	21.3%	12.5%
Denali Borough	1,375	195	20	102	0.5%	1.1%	0.1%	0.3%
Fairbanks	30,601	3,201	4,280	2,766	11.7%	18.5%	20.0%	8.5%
SE Fairbanks	1,631	312	144	257	0.6%	1.8%	0.7%	0.8%
Yukon-Koyukuk	1,962	119	124	921	0.8%	0.7%	0.6%	2.8%
Southwest	17,104	474	511	4,335	6.5%	2.7%	2.4%	13.4%
Aleutians East	1,724	20	16	257	0.7%	0.1%	0.1%	0.8%
Aleutians West	4,356	135	31	462	1.7%	0.8%	0.1%	1.4%
Bethel	5,573	137	320	1,750	2.1%	0.8%	1.5%	5.4%
Bristol Bay Boro	1,016	50	30	298	0.4%	0.3%	0.1%	0.9%
Dillingham	2,064	50	64	420	0.8%	0.3%	0.3%	1.3%
Lake And Pen	612	43	8	139	0.2%	0.2%	0.0%	0.4%
Wade Hampton	1,759	39	42	1,009	0.7%	0.2%	0.2%	3.1%
Gulf Coast	27,013	698	1,725	4,181	10.3%	4.0%	8.0%	12.9%
Kenai Pen	16,110	405	1,047	2,716	6.2%	2.3%	4.9%	8.4%
Kodiak	6,308	158	251	731	2.4%	0.9%	1.2%	2.3%
Valdez	4,595	135	427	734	1.8%	0.8%	2.0%	2.3%
Northern	14,116	196	320	4,068	5.4%	1.1%	1.5%	12.6%
Nome	3,414	90	203	1,082	1.3%	0.5%	0.9%	3.3%
North Slope	8,266	43	57	2,286	3.2%	0.2%	0.3%	7.1%
Northwest Arctic	2,436	63	60	700	0.9%	0.4%	0.3%	2.2%
Southeast	35,682	1,966	5,398	4,971	13.6%	11.3%	25.2%	15.4%
Haines	876	12	38	122	0.3%	0.1%	0.2%	0.4%
Juneau	16,165	894	4,318	1,703	6.2%	5.2%	20.1%	5.3%
Ketchikan	7,894	303	577	927	3.0%	1.7%	2.7%	2.9%
Prince Of Wales	2,201	126	27	712	0.8%	0.7%	0.1%	2.2%
Sitka	3,888	250	325	504	1.5%	1.4%	1.5%	1.6%
Skagway-Hoonah	1,610	159	27	332	0.6%	0.9%	0.1%	1.0%
Wrangell-Pet	2,620	200	75	607	1.0%	1.2%	0.3%	1.9%
Yakutat	428	22	11	64	0.2%	0.1%	0.1%	0.2%

Source: Alaska Department Of Labor

State Government

Of 13,317 state agency employees (excluding the University of Alaska, Alaska Railroad, Alaska Housing Finance Corporation, the legislature, and the court system) 847 - 6.4 percent - are Alaska Natives (including American Indians). Of those Native employees, 53 percent are women and 47 percent men. About 90 percent of the jobs held by Native women and 83 percent of those held by Native men are full time. Most of the seasonal jobs held by men are in the departments of Fish and Game and Natural Resources.

Most state agency jobs held by Alaska Natives are in the general government category (791 of 847). (This category doesn't include public safety officers, Marine Highway System employees, or skilled trades.) Jobs held by Natives tend to be lower paying than the average. Roughly 60 percent of state government Native employment is in the lowest third of the job pay ranges (ranges 6 to 13), compared to 31 percent and 49 percent for White men and women respectively.

TABLE 22.FEDERAL CIVILIAN GOVERNMENT EMPLOYMENT BY AGENCY, 1995

Total	**10,494**
Interior	2,637
Bureau of Land Management	872
National Park Service	615
Bureau of Sportfish and Wildlife	588
Bureau of Indian Affairs	158
U.S. Geological Service	123
National Biological Survey	105
Minerals Management Service	96
Office of the Secretary	58
Bureau of Mines	21
Postal Service	2,139
First Class Post Offices	1717
Other	422
Transportation	1,659
Agriculture	1,283
U.S. Forest Service	1,184
Soil Conservation Service	41
Farmers Home Administration	25
Other	33
Health and Human Services	1,122
Public Health Service	1,061
Social Security Administration	46
Other	15
Commerce	452
National Oceanic and Atmospheric Administration	427
Bureau of the Census	20
Other	5
Veterans Administration	337
Treasury	313
Internal Revenue Service	220
Other	93
Justice	160
Federal Bureau of Investigation	22
Other	114
Court System	115
General Services Administration	89
Housing and Urban Development	51
Energy	30
Environmental Protection Agency	27
Small Business Administration	25
Labor	14
Federal Communications Commission	11
Corporation for National and Community Serivce	11
Office of Personnel Management	9
Federal Emergency Management Agency	6
National Labor Relations Board	3
Smithsonian	1
Interstate Commerce Commission	0
Federal Deposit Insurance Corporation	0
U.S. General Accounting Office	0

Source: Alaska Department of Labor

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Local Government

No data is currently available for local government, but information from the U.S. Census suggests that the Native share of local government employment is at least as great as the share of Natives in the work force.

Overall Composition of Native Employment

Government employment tends to be relatively stable and thus easy to calculate. Private sector employment is much more difficult to track. One difficulty is that the picture of employment depends upon the season during which the picture is taken. The U.S. Census provides a snapshot of workers taken in March of 1990 (Table 23).

TABLE 23. NATIVE EMPLOYMENT BY INDUSTRY, 1990

Industry	Number of Natives Employed			Industry Share, Total Native Empl.	Native Share of Total Industry Employment		
	Total	Female	Male		Total	Female	Male
All Industries	23,506	11,844	11,662	100.0%	9.6%	10.7%	8.7%
Public Administration	3,485	1,658	1,827	14.8%	11.5%	12.9%	10.4%
Professional Services--Public Schools	3,472	2,342	1,130	14.8%	14.4%	15.6%	12.5%
Retail Trade	3,405	1,800	1,605	14.5%	8.6%	8.8%	8.4%
Professional Services--Social Services, Member Org.	1,479	1,124	355	6.3%	13.2%	13.6%	12.0%
Construction	1,356	151	1,205	5.8%	8.4%	6.8%	8.6%
Other Transportation	921	394	527	3.9%	9.9%	12.4%	8.6%
Professional Services--Hospitals	897	618	279	3.8%	11.4%	10.7%	13.4%
Forestry And Fisheries	864	183	681	3.7%	12.6%	16.1%	11.9%
Professional Services--Other Health	853	715	138	3.6%	10.8%	12.2%	6.7%
Non-Durable Manufacturing	697	272	425	3.0%	8.3%	10.6%	7.3%
Durable Manufacturing	675	98	577	2.9%	10.9%	9.8%	11.1%
Other Personal Services	653	513	140	2.8%	9.2%	11.2%	5.6%
Air Transportation	587	198	389	2.5%	9.3%	10.4%	8.9%
Insurance	538	319	219	2.3%	7.4%	7.6%	7.1%
Business Services	524	252	272	2.2%	8.2%	8.4%	8.0%
Public Utilities	509	74	435	2.2%	13.6%	8.1%	15.4%
Mining	470	82	388	2.0%	5.3%	5.1%	5.3%
Professional Services--Legal, Engineering, Etc.	379	218	161	1.6%	4.2%	4.8%	3.6%
Wholesale Trade	378	136	242	1.6%	5.1%	6.7%	4.5%
Recreation Services	305	196	109	1.3%	9.9%	11.7%	7.8%
Communications	268	127	141	1.1%	6.8%	7.3%	6.4%
Repair Services	178	25	153	0.8%	4.7%	4.6%	4.8%
Trucking	175	18	157	0.7%	5.8%	3.3%	6.3%
Banking	137	113	24	0.6%	3.5%	3.4%	3.8%
Private Household Services	106	89	17	0.5%	13.0%	12.2%	19.3%
Professional Services--Other Education	99	93	6	0.4%	10.8%	13.4%	2.7%
Agriculture	96	36	60	0.4%	5.3%	4.6%	5.9%

Source: U.S. Census

It shows that 23.5 thousand Natives were employed at that time, comprising 9.6 percent of total workers in Alaska. The sectors with the largest Native employment were public administration (including much of local government), public schools, retail trade, social services, and construction. Fewer than 1 thousand Natives reported working in the forestry and fisheries sector. This small number is understandable given the time of the year during which the census questions were asked.

Native employment as a share of the total industry employment was high in a number of sectors including public administration, public schools, social services, transportation, health services, and forestry and fisheries (including durable manufacturing).

Using this information it is possible to generate a simple estimate of the Native under-representation in the work force. Statewide, the Native share of the working age population was 14 percent. For each industry, we can calculate the increase in Native workers that would be required to fill 14 percent of the jobs in that industry (Table 24). This is not a prediction of what might be, but rather a calculation of a ceiling. Given the continuing preference for subsistence activities, it is unlikely that the Native working aged population would choose to allocate as much time to working for wages as the rest of the population. Assuming the same labor force participation rate for Natives as for the rest of the population, the Native under-representation in the workforce would be nearly 11 thousand jobs. The largest shortfall is in retail trade and the next largest is construction.

This exercise underscores the need to take differences in the composition of population and labor force preferences into consideration when comparing Native and non-Native employment by industry and region. In particular although Natives make up about 16 percent of the total population, the Native working aged population is only 14 percent of the total. Furthermore since the labor force participation for Natives (even adjusting for the discouraged worker effect) is probably less than for non-Natives, the Native share of the labor force is less than 14 percent.

TABLE 24. NATIVE UNDER REPRESENTATION IN THE WORK FORCE BY INDUSTRY

	Total Employment	Expected Native Employment[a]	Actual Native Employment	Native Under Representation
All Industries	245,376	34,353	23,506	10,847
Retail Trade	39,619	5,547	3,405	2,142
Construction	16,184	2,266	1,356	910
Legal, Engineering, Etc. Services	9,019	1,263	379	884
Mining	8,935	1,251	470	781
Public Administration	30,386	4,254	3,485	769
Wholesale Trade	7,427	1,040	378	662
Insurance	7,281	1,019	538	481
Non-Durable Manufacturing	8,382	1,173	697	476
Banking	3,905	547	137	410
Other Transportation	9,329	1,306	921	385
Business Services	6,391	895	524	371
Repair Services	3,753	525	178	347
Other Personal Services	7,093	993	653	340
Air Transportation	6,293	881	587	294
Communications	3,946	552	268	284
Other Health Services	7,926	1,110	853	257
Trucking	3,026	424	175	249
Hospitals	7,846	1,098	897	201
Durable Manufacturing	6,193	867	675	192
Agriculture	1,806	253	96	157
Recreation	3,073	430	305	125
Forestry And Fisheries	6,845	958	864	94
Social, Religious, Member Org. Services	11,204	1,569	1,479	90
Other Education Services	915	128	99	29
Public Utilities	3,738	523	509	14
Private Household Services	815	114	106	8
Public Schools	24,046	3,366	3,472	(106)

a. assumes that 14 percent of the labor force is Native
Source: U.S. Census

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Native Unemployment

The Alaska Department of Labor (DOL) publishes an overall unemployment rate (but not by race of worker) for each census area in Alaska each month. This rate doesn't represent the unemployment situation accurately in many parts of the state because of its narrow definition of unemployment. DOL defines unemployment as the number unemployed and actively looking for work, and it defines the labor force as the number of employed plus the number of unemployed actively looking for work. The unemployment rate is unemployment divided by the labor force. This measure does not take into account the fact that in many small places with limited employment opportunities, those without jobs may not be actively searching (the discouraged worker effect).

A Native unemployment rate is available from the U.S. Census, but it also is subject to error because of the discouraged worker effect. In addition, it counts the number of unemployed in the late winter and early spring - seasons in Alaska when the number of jobs in many rural areas is limited. Thus even if there were no discouraged workers, the census unemployment estimate would be appropriate for only one season of the year.

The census unemployment rates should be interpreted as lower bound estimates for the season, since they exclude discouraged workers. Despite the measurement problems, Table 25 shows that the Native unemployment rate exceeds the rate for Whites, and that unemployment is higher for everyone in smaller places. For the state as a whole, Native unemployment rates were around 16 percent; for Whites the rates are nearer 6 percent. In the smallest places, Native male unemployment exceeded 20 percent.

The **not working rate** is another measure calculated from census data to characterize the size of the unemployment problem in Alaska. It is the percentage of the working aged population (16-64) not employed for wages. Although we say "not working", we recognize that there are many forms of work – such as subsistence and homemaking – that do not pay cash to the worker.

A form of this measure is used by the Bureau of Indian Affairs to characterize Indian unemployment. (See the Indian Health Service Population and Labor Force Estimates, U.S. Department of Interior, Bureau of Indian Affairs, 1995.) The Alaska Department of Labor also uses that measure as part of the new welfare legislation. (See the ATAP Five Year Exempt Alaska Native Villages and Percent of Civilian Population of Age 16 and Over Not Employed, Alaska Department of Labor).

The drawback of the not working rate is that a certain portion of any group will not be interested in working for a variety of reasons. Some will be students or homemakers. Some will be disabled. Others will simply choose not to enter the labor market. Many Alaska Natives will choose to engage in subsistence activities for part of the year rather than work in the market economy. All are valid reasons to be without wage paying jobs. Thus while the official unemployment rate is an underestimate because of the discouraged worker effect, the not working rate is an overestimate of the size of the unemployment problem. It is based on the assumption that every person of working age wants to work in the wage sector.

The not working rate for 1990 was 56 percent for Native males and 57 percent for Native females (Table 25). The rates for Whites were 20 percent for men and 34 percent for women. Conversely the **employment rates** (100 percent minus the not working rate) for Natives were 44 percent for men and 43 percent for women. For Whites the comparable employment rates were 80 percent and 66 percent. These dramatic differences are a result from both differences in the percent of the population that wants to work and different unemployment rates.

The not working rates were smaller in urban areas than in rural places, for both Natives and Whites. In the largest urban areas, 19 percent of White men and 44 percent of Native men were not working. In places with populations of 300 to 400, 31 percent of White men were not working compared to 67 percent of Native men. (These rates are not directly comparable since White and Native men are not evenly distributed across the communities of this size. As a result, White men may be the majority in places with greater job opportunities.) The differences between Native and White workers persist for all sized places, but are smaller for larger urban areas.

The labor market information from the U.S. Census in both 1980 and 1990 is summarized in Table 26. Native labor force participation rose in the eighties, from 48.9 percent to 56.1 percent, or about 10,000 more Natives in the labor force. About one-quarter of the labor force growth was in the unemployed category, and the Native unemployment rate rose from 20.1 percent to 21.7 percent. This contrasts with a decline in White unemployment – from 7.4 percent to 6.4%. However, the Native working rate also rose – from 39.1 percent to 43.9 percent – as almost 8,000 more Natives were working in 1990 than in 1980.

TABLE 25 UNEMPLOYMENT AND NOT WORKING RATES BY SIZE OF PLACE, 1990

	Unemployment Rate				Employment Rate				Not Working Rate			
	White		Native		White		Native		White		Native	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
All Places	6.6%	5.6%	16.4%	16.0%	79.7%	65.6%	44.3%	43.1%	20.3%	34.4%	55.7%	56.9%
Largest Places	6.0%	5.1%	13.8%	15.9%	81.5%	67.8%	55.8%	44.6%	18.5%	32.2%	44.2%	55.4%
Rest Of Alaska	7.9%	7.2%	17.6%	16.0%	75.8%	60.2%	40.3%	42.4%	24.2%	39.8%	59.7%	57.6%
Places with Population of:												
5,000-10,000	7.1%	5.4%	13.4%	17.0%	78.7%	64.9%	61.4%	48.3%	21.3%	35.1%	38.6%	51.7%
2,000-5,000	6.9%	7.0%	12.4%	11.8%	77.2%	61.2%	46.0%	52.6%	22.8%	38.8%	54.0%	47.4%
1,000-2,000	8.6%	7.6%	18.7%	16.4%	71.7%	57.0%	48.6%	43.8%	28.3%	43.0%	51.4%	56.2%
500-1,000	8.8%	9.8%	18.4%	15.9%	77.6%	57.8%	39.0%	39.6%	22.4%	42.2%	61.0%	60.4%
400-500	11.5%	6.2%	18.1%	29.2%	65.4%	52.3%	37.1%	29.1%	34.6%	47.7%	62.9%	70.9%
300-400	11.6%	9.0%	19.3%	16.7%	69.5%	56.3%	33.3%	36.8%	30.5%	43.7%	66.7%	63.2%
200-300	7.7%	9.4%	21.2%	20.4%	71.0%	53.0%	35.5%	37.5%	29.0%	47.0%	64.5%	62.5%
100-200	13.4%	9.1%	25.5%	16.2%	72.5%	59.1%	31.5%	38.4%	27.5%	40.9%	68.5%	61.6%
0-100	11.2%	14.1%	20.2%	14.0%	66.5%	44.1%	34.1%	39.8%	33.5%	55.9%	65.9%	60.2%

Source: U.S. Census

Table 26. Overview of the Alaska Labor Supply, 1990, 1980, and the Change, 1980-1990

	ALL RACES			NATIVE			WHITE			OTHER RACES		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
1990												
Total Persons 16 And Above	393,394	208,669	184,725	54,614	27,120	27,494	305,170	163,923	141,247	33,610	17,626	15,984
In Labor Force	293,957	171,262	122,695	30,615	16,461	14,154	236,527	139,527	97,000	26,815	15,274	11,541
In Armed Forces	24,991	22,103	2,888	453	410	43	19,547	17,407	2,140	4,991	4,286	705
Civilian	268,966	149,159	119,807	30,162	16,051	14,111	216,980	122,120	94,860	21,824	10,988	10,836
Employed	245,379	134,297	111,082	23,506	11,662	11,844	201,757	112,547	89,210	20,116	10,088	10,028
Unemployed	23,587	14,862	8,725	6,656	4,389	2,267	15,223	9,573	5,650	1,708	900	808
Not In Labor Force	99,437	37,407	62,030	23,999	10,659	13,340	68,643	24,396	44,247	6,795	2,352	4,443
Working	270,370	156,400	113,970	23,959	12,072	11,887	221,304	129,954	91,350	25,107	14,374	10,733
Not Working	123,024	52,269	70,755	30,655	15,048	15,607	83,866	33,969	49,897	8,503	3,252	5,251
Labor Force Participation Rate	74.7%	82.1%	66.4%	56.1%	60.7%	51.5%	77.5%	85.1%	68.7%	79.8%	86.7%	72.2%
Total Unemployment Rate	8.0%	8.7%	7.1%	21.7%	26.7%	16.0%	6.4%	6.9%	5.8%	6.4%	5.9%	7.0%
Civilian Unemployment Rate	8.8%	10.0%	7.3%	22.1%	27.3%	16.1%	7.0%	7.8%	6.0%	7.8%	8.2%	7.5%
Working Rate (worked last week)	68.7%	75.0%	61.7%	43.9%	44.5%	43.2%	72.5%	79.3%	64.7%	74.7%	81.5%	67.1%
Worked During 1989	326,486	186,681	139,805	39,392	21,529	17,863	258,817	149,158	109,659	28,277	15,994	12,283
Worked In 1989 Rate	83.0%	89.5%	75.7%	72.1%	79.4%	65.0%	84.8%	91.0%	77.6%	84.1%	90.7%	76.8%
1980												
Total Persons 16 And Above	286,350	153,409	132,941	40,956	20,507	20,449	227,391	122,994	104,397	18,003	9,908	8,095
In Labor Force	204,682	125,370	79,312	20,019	11,209	8,810	170,420	105,396	65,024	14,243	8,765	5,478
In Armed Forces	22,003	19,607	2,396	236	197	39	17,981	16,147	1,834	3,786	3,263	523
Civilian	182,679	105,763	76,916	19,783	11,012	8,771	152,439	89,249	63,190	10,457	5,502	4,955
Employed	164,874	94,181	70,693	15,762	8,310	7,452	139,898	81,108	58,790	9,214	4,763	4,451
Unemployed	17,805	11,582	6,223	4,021	2,702	1,319	12,541	8,141	4,400	1,243	739	504
Not In Labor Force	81,668	28,039	53,629	20,937	9,298	11,639	56,971	17,598	39,373	3,760	1,143	2,617
Working	186,877	113,788	73,089	15,998	8,507	7,491	157,879	97,255	60,624	13,000	8,026	4,974
Not Working	99,473	39,621	59,852	24,958	12,000	12,958	69,512	25,739	43,773	5,003	1,882	3,121
Labor Force Participation Rate	71.5%	81.7%	59.7%	48.9%	54.7%	43.1%	74.9%	85.7%	62.3%	79.1%	88.5%	67.7%
Total Unemployment Rate	8.7%	9.2%	7.8%	20.1%	24.1%	15.0%	7.4%	7.7%	6.8%	8.7%	8.4%	9.2%
Civilian Unemployment Rate	9.7%	11.0%	8.1%	20.3%	24.5%	15.0%	8.2%	9.1%	7.0%	11.9%	13.4%	10.2%
Working Rate (worked last week)	65.3%	74.2%	55.0%	39.1%	41.5%	36.6%	69.4%	79.1%	58.1%	72.2%	81.0%	61.4%
Worked During 1979	228,328	136,401	91,927	27,488	15,665	11,823	186,250	111,922	74,328	14,590	8,814	5,776
Worked In 1979 Rate	79.7%	88.9%	69.1%	67.1%	76.4%	57.8%	81.9%	91.0%	71.2%	81.0%	89.0%	71.4%
Change 1980-1990												
Total Persons 16 And Above	107,044	55,260	51,784	13,658	6,613	7,045	77,779	40,929	36,850	15,607	7,718	7,889
In Labor Force	89,275	45,892	43,383	10,596	5,252	5,344	66,107	34,131	31,976	12,572	6,509	6,063
In Armed Forces	2,988	2,496	492	217	213	4	1,566	1,260	306	1,205	1,023	182
Civilian	86,287	43,396	42,891	10,379	5,039	5,340	64,541	32,871	31,670	11,367	5,486	5,881
Employed	80,505	40,116	40,389	7,744	3,352	4,392	61,859	31,439	30,420	10,902	5,325	5,577
Unemployed	5,782	3,280	2,502	2,635	1,687	948	2,682	1,432	1,250	465	161	304
Not In Labor Force	17,769	9,368	8,401	3,062	1,361	1,701	11,672	6,798	4,874	3,035	1,209	1,826
Working	83,493	42,612	40,881	7,961	3,565	4,396	63,425	32,699	30,726	12,107	6,348	5,759
Not Working	23,551	12,648	10,903	5,697	3,048	2,649	14,354	8,230	6,124	3,500	1,370	2,130
Labor Force Participation Rate	4.5%	0.4%	11.3%	14.7%	11.0%	19.5%	3.4%	-0.7%	10.3%	0.8%	-2.0%	6.7%
Total Unemployment Rate	-7.8%	-6.1%	-9.4%	8.2%	10.6%	7.0%	-12.5%	-11.2%	-13.9%	-27.0%	-30.1%	-23.9%
Civilian Unemployment Rate	-10.0%	-9.0%	-10.0%	8.6%	11.4%	6.8%	-14.7%	-14.1%	-14.5%	-34.2%	-39.0%	-26.7%
Working Rate (worked last week)	5.3%	1.0%	12.2%	12.3%	7.3%	18.0%	4.4%	0.3%	11.4%	3.4%	0.7%	9.3%
Worked During Prior Year	98,158	50,280	47,878	11,904	5,864	6,040	72,567	37,236	35,331	13,687	7,180	6,507
Worked In 1989 Rate	4.1%	0.6%	9.4%	7.5%	3.9%	12.4%	3.5%	0.0%	9.0%	3.8%	2.0%	7.7%

Source: U. S. Census

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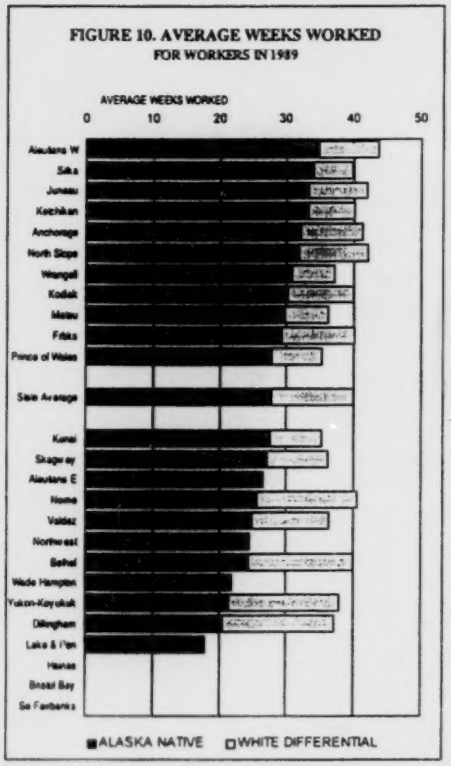

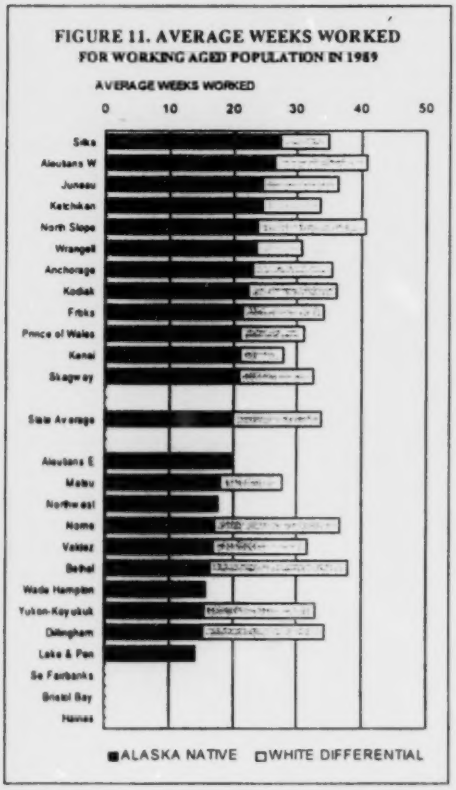

Another way to characterize Native unemployment is to calculate average weeks worked over the year. Census data shows that for Natives who worked in 1989, the average weeks reported worked was about 28. The comparable figure for the White population was 40 weeks. It is interesting that the average for the White population is as low as it is, and also that the Native average is consistently below the White average. We would expect the Native rate to be below the White rate in census areas where job opportunities are limited. (Unemployed Whites are more likely to leave these areas.) In some locations, though, -such as the North Slope Borough or the larger urban areas - we don't think that job opportunities for Natives are a major limiting factor in finding work. The persistence of this lower average underscores the preference of many Natives to devote a part of the year to subsistence activities rather than wage employment. It suggests that the shortage of employment opportunities among Natives who are working is somewhat less than 12 weeks per Native worker - the difference between the White and Native average weeks worked (Figure 10).

We also need to consider that a smaller proportion of the Native working aged population worked for wages in 1989 - about 72 percent of Natives worked at some time during the year, compared to 85 percent of Whites. Including the non-working population in the calculation of average weeks worked increases the difference between Natives and Whites. The average weeks worked across the entire working age population was 20 for Natives, and 34 for Whites - a difference of 14 weeks (Figure 11). Again, some of the difference is due to the desire among many Natives to spend time in subsistence; the rest is due to a shortage of jobs for Natives. We would expect that in the locations with more work opportunities, more of the difference between White and Native rates would be the result of preferences rather than job shortages.

For example, in the North Slope Borough the average White worker spent 42 weeks working in 1989 while the average Native worker spent 32 weeks working. Almost all - 97 percent - of the White working age population worked in 1989 while only 75 percent of Natives did. Among those who did work the distribution of workers across weeks worked was similar (Figure. 12). However, a larger share of whites, about 60 percent vs. 40 percent for Natives, worked 52 weeks during the year. About 60 percent of

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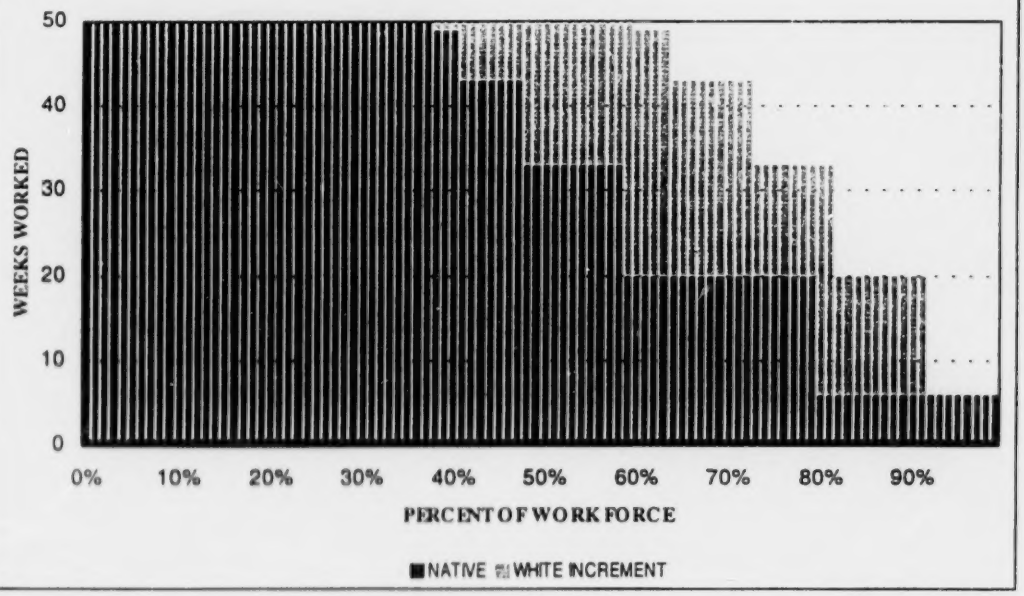
Natives worked less than a full year compared to 40 percent of Whites, and 40 percent of Natives worked 20 weeks or less. If we assume that there was no significant shortage of employment opportunities for Natives in the North Slope Borough in 1989, then this distribution of weeks worked represents one profile of choices for wage employment unencumbered by the inability to find work. In the presence of ample work opportunities, more Natives than Whites still chose to work less than 52 weeks during the year.

FIGURE 12. WEEKS WORKED IN 1989 ON NORTH SLOPE
NATIVES AND WHITES



Are There Enough Jobs in Rural Areas to Satisfy the Native Demand for Jobs?

In urban Alaska Natives are a small portion of the labor force. There the number of total jobs exceeds the number of Natives who want to work and the growth in the number of jobs also exceeds growth in the Native labor force. This does not mean that all Natives in urban areas wishing to work are able to find jobs, only that the number of Natives is small relative to the size of the job market.

In rural Alaska the situation is different. Many smaller communities have an **absolute job deficit**. By this we mean that the local economy does not generate enough jobs to satisfy the demand for work even if all jobs in the economy are filled by Natives, and all Natives work less than a full year in order to participate in subsistence activities. There is an absolute job deficit in the rural parts of both the Southwest and the Northern labor markets, using reasonable estimates of labor force participation and time devoted to subsistence. For this analysis:

- We excluded census areas that were largely urban (such as Anchorage) or where the urban portion couldn't be separated from the remainder (like Sitka).

- We netted out the larger communities - Unalaska City, Adak Station CDP, Bethel city, Dillingham city, Haines city, Ketchikan city, Kodiak Station CDP, Kodiak city, Nome city, Barrow city, Kotzebue city, Metlakatla CDP, Craig city, Skagway census subarea, Fort Greely CDP, Valdez city, Cordova city, Wrangell city, and Petersburg city-from the census areas we analyzed.

- We assumed that each Native in the working age population worked 26 weeks out of the year – which was the highest census area average in 1989 (Figure 11).

- We assumed that on the average, Natives devote 3 months per year to subsistence activities.

In 1989, there was an absolute job deficit of over three thousand jobs in the rural parts of the Southwest labor market, and one thousand jobs in the rural Northern labor market (Table 27). Although the estimated size of the deficit depends upon the labor force participation rate and the amount of time allocated to subsistence activities, parameters for which we do not have good estimates, any reasonable set of values for these parameters produces an absolute job deficit in these areas.

Smaller rural communities are generally able to support fewer jobs per capita than larger communities. (See the next section.) So, the absolute job deficit in these labor markets is concentrated in the smaller communities and is also likely to be present in smaller communities in labor market areas that in the aggregate generate enough jobs for the entire working aged Native population. For example, if all the adult males in Togiak in 1990 (population 606) worked full time all year they could supply 400 thousand hours of labor annually. If only the resident Native males supplied all the labor, and each worker set aside 3 months for subsistence activities, the supply of hours of Native labor falls to about 250 thousand hours annually. However, the demand for male labor in the community was only about 165 thousand hours (not counting the presence of non-resident workers in the community, which the census is unable to identify). Using these illustrative assumptions, we estimate there was a shortage of employment opportunities of 85 thousand hours for the Native males in this village. In order to supply 9 months of employment to each member of the male Native labor force in the community, 57 additional jobs (each of 9 months duration) would need to be created.

If these illustrative assumptions about work preferences are reasonably accurate they raise the question of whether an economy the size of Togiak could support more than 57 additional jobs (assuming that some of the existing jobs would continue to be filled by non-Natives).

TABLE 27. ABSOLUTE JOB DEFICIT BY LABOR MARKET AREA, 1989

Rural Areas only of Census Areas	Supply of Labor - Natives				Demand for Labor[a]	Work Surplus or Deficit	
	Hours Available at 2080 per person	Work Hours at 50% of Total	Subsistence Hours at 25% of Total	Other Hours at 25% of Total	Hours Worked	Hours	Additional Jobs to Cover Deficit[b]
		(1)			(2)	(2) – (1)	
Southwest Labor Market Area							
Bethel Census Area	11,042,720	5,521,360	2,760,680	2,760,680	2,738,495	-2,782,866	1,784
Wade Hampton Census Area	6,591,520	3,295,760	1,647,880	1,647,880	1,930,806	-1,364,955	875
Dillingham Census Area	2,362,880	1,181,440	590,720	590,720	565,647	-615,793	395
Lake and Peninsula Borough	1,664,000	832,000	416,000	416,000	632,942	-199,059	128
Bristol Bay Borough	605,280	302,640	151,320	151,320	1,357,937	1,055,297	
Aleutians East Borough	1,418,560	709,280	354,640	354,640	1,960,662	1,251,382	
Aleutians West Census Area	1,062,880	531,440	265,720	265,720	2,156,780	1,625,340	
Kodiak Island Borough	1,705,600	852,800	426,400	426,400	3,806,717	2,953,917	
Northern Labor Market Area							
Nome Census Area	5,547,360	2,773,680	1,386,840	1,386,840	1,654,908	-1,118,772	717
Northwest Arctic Borough	3,791,840	1,895,920	947,960	947,960	1,056,160	-839,761	538
North Slope Borough	2,641,600	1,320,800	660,400	660,400	1,458,602	137,802	
Southeast Labor Market Area							
Haines Borough	1,054,560	527,280	263,640	263,640	604,434	77,154	
Wrangell-Petersburg Census Area	736,320	368,160	184,080	184,080	934,730	566,570	
Skagway-Hoonah-Angoon Census Area	2,242,240	1,121,120	560,560	560,560	2,413,174	1,292,054	
Ketchikan Gateway Borough	6,591,520	3,295,760	1,647,880	1,647,880	4,725,466	1,429,706	
Prince of Wales Census Area	1,268,800	634,400	317,200	317,200	2,554,459	1,920,059	
Other Labor Market Areas							
Valdez-Cordova Census Area	1,054,560	527,280	263,640	263,640	2,402,582	1,875,302	
Yukon-Koyukuk Census Area	6,250,400	3,125,200	1,562,600	1,562,600	4,788,188	1,662,988	
Southeast Fairbanks Census Area	975,520	487,760	243,880	243,880	3,175,448	2,687,688	

Source: U.S. Census

a. Demand for labor is (weeks worked in '89) * (typical hours worked per week in '89) by all community residents who worked at all in '89

b. Three-quarter time jobs: 520 hours per year

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Non-Resident Employment

The Alaska Department of Labor (DOL) reported 71 thousand non-residents working in Alaska in 1996, about 25 percent of all private workers. Non-residents earned $857 million, 15 percent of all wages paid by private employers. DOL defines as residents as people who lived in Alaska for the entire year (1996). Their non-resident definition includes

1. persons who came to Alaska temporarily for work, and
2. persons who were bona-fide residents for only a part of the year

Examples of the former are people who came to Alaska for the summer to work in a fish processing plant. Examples of the latter are both those moving to Alaska after the start of the year with the intention of becoming residents and those long time residents who retire and leave the state during the year. We cannot determine what share of the DOL non-residents fall into the second category, which is the normal turnover of the population, and what share were workers only temporarily in the state. DOL estimates that 14 percent of 1996 non-residents became residents in 1997, but cannot estimate how many of the 1996 non-residents were residents in 1995.

The highest percentages of non-resident workers are in industries that are the most seasonal, such as seafood processing (75 percent), timber (43 percent), and tourism (33 percent in hotels and 30 percent in eating and drinking establishments). High rates of non-resident workers can also be found in industries requiring a high skill level such as oil and gas extraction (29 percent), air transportation (21 percent), and health services (12 percent). (See Table 28.)

TABLE 28. INDUSTRIES WITH THE LARGEST SHARE OF NON-RESIDENT WORKERS, 1996

	Number of workers	Percent of Workers	Non-Resident Earnings[a]
Seafood Processing	19,162	75%	$155
Timber Harvesting	1,226	43%	$25
Hotels	3,341	33%	$21
Metal Mining	484	31%	$16
Eating and Drinking	7,609	30%	$33
Oil and Gas Extraction	3,346	29%	$173
Water Transportation	958	29%	$18
Special Trades Construction	2,571	24%	$35
Heavy Construction	1,229	23%	$32
Building Construction	1,708	23%	$24
Business Services	2,647	23%	$23
Air Transportation	1,971	21%	$60
Miscellaneous Retail	1,661	19%	$11
Engineering, Accounting,	1,764	19%	$33
General Merchandize Trade	2,167	18%	$13
Wholesale Durable Goods	749	13%	$11
Health Services	1,974	12%	$29

Source: Alaska Department of Labor, Non-Residents Working in Alaska –1996.

a. Millions of Dollars

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The occupations with the largest numbers of non-residents are seafood processing and harvesting, construction, sales, eating places, certain skilled occupations, and a variety of unskilled categories (Table 29). In most occupations, average non-residents earnings are significantly below those of residents, reflecting the seasonal and short duration of non-resident jobs.

TABLE 29. OCCUPATIONS WITH THE MOST NON-RESIDENT WORKERS IN 1996

	Number of workers	Millions of $ Earnings	Avg Earnings per Worker
Total, All Occupations	70,907	$857.34	$12,091
Sum of Listed Occupations	42,385	$346.11	$8,166
Cannery Workers	13,450	81.61	$6,068
Sailors And Deckhands	1,389	24.21	$17,427
Fishers	381	4.61	$12,108
Manual Occupations	1,934	11.87	$6,134
Carpenters	1,020	11.40	$11,175
Construction Laborers	964	9.09	$9,429
Miscellandous Handworking Occupations	812	6.38	$7,852
Electricians	516	13.90	$26,942
Plumbers, Pipefitters, And Steamfitters	461	10.33	$22,414
Welders And Cutters	380	9.77	$25,721
Truck Drivers, Heavy	358	6.66	$18,620
Sales Clerks	1,920	8.95	$4,664
Cashiers	728	3.11	$4,275
Salespersons	512	3.04	$5,943
Waiters And Waitresses	1,747	6.92	$3,959
Misc. Food And Beverage Preparation	1,116	5.31	$4,757
Fast Food Preparation And Service	894	2.50	$2,774
Kitchen Workers	856	5.01	$5,852
Cooks, Restaurant	800	5.06	$6,329
Food Counter Occupations	584	1.79	$3,062
Bartenders	459	2.478	$5,394
Short Order Cooks	442	1.37	$3,088
Waiter And Waitress Assistants	368	1.34	$3,652
Airplane Pilots And Navigators	718	27.82	$38,747
Guides	706	4.58	$6,493
Registered Nurses	566	8.93	$15,779
Bookkeepers And Accounting And Auditing Clerks	435	4.27	$9,807
Operating Engineers	435	14.08	$32,359
Adult Education And Other Teachers	398	2.29	$5,744
General Office Occupations	1,570	11.70	$7,453
Janitors And Cleaners	1,098	6.08	$5,534
Maids	877	4.41	$5,027
Child Care Workers	504	1.80	$3,567
Freight, Stock And Material Movers	468	4.31	$9,216
Stock Handlers And Baggers	460	2.15	$4,680
Receptionists	459	2.82	$6,139
Guards And Police	459	4.91	$10,702
Amusement Attendants	390	1.07	$2,731
Maintenance Repairers, General Utility	389	4.91	$12,612
Truck Drivers, Light	362	3.30	$9,124

Source: Alaska Department Of Labor, Non- Residents Working in Alaska –1996.

Non-resident earnings and employment are most prevalent in areas where resource extraction and processing are important parts of the economy (Table 30).

TABLE 30. REGIONS WITH THE MOST NONRESIDENT WORKERS, 1996

	Number of Non-Resident Workers	Share of Non-Resident Workers	NonResident Share of Earnings
State of Alaska	69,537	25%	15%
Southwest			
Aleutian Islands	8,258	77%	56%
Bethel	508	11%	9%
Bristol Bay Borough	2,397	78%	64%
Dillingham	518	29%	16%
Lake and Peninsula	763	71%	62%
Wade Hampton	116	13%	15%
Greater Anchorage			
Anchorage	24,708	18%	10%
Mat Su Borough	1,388	15%	6%
Northern			
Nome	437	16%	11%
North Slope Borough	3,097	28%	29%
Northwest Arctic Borough	425	20%	23%
Southeast			
Haines	284	29%	16%
Juneau	2,237	22%	11%
Ketchikan	3,450	32%	19%
Prince of Wales	465	32%	21%
Sitka	902	23%	12%
Skagway Yakutat Angoon	1,090	51%	44%
Wrangell/Petersburg	1,795	48%	29%
Yakutat	113	37%	27%
Interior			
Fairbanks North Star Boro	5,715	22%	11%
Southeast Fairbanks	273	19%	10%
Yukon Koyukuk	986	31%	20%
Gulf Coast			
Kenai Peninsula	4,697	29%	13%
Kodiak	2,936	45%	33%
Valdez/Cordova	1,979	39%	20%

Source: Alaska Department of Labor, Non-Residents Working in Alaska-1996.

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Residents can't capture all of the jobs taken by non-residents, (and the associated wages), since that would require all migration into and out of the state to cease. If we assume for illustrative purposes that the minimum non-resident earnings level is 6 percent for each industry, the non-resident earnings above that minimum become the amount that is potentially **capturable** from non-resident workers by Alaskan residents. The potential **capturable earnings**, using this assumption, are $522 million - about 9 percent of total private sector earnings paid in Alaska in 1996 (Table 31). More than half is concentrated in oil and gas extraction and seafood processing.

TABLE 31. ESTIMATED CAPTURABLE EARNINGS FROM NON-RESIDENT WORKERS

Industry	Non Resident Workers	Non-Resident Earnings (million $)	Estimated Minimum Non Resident Earnings	Estimated Capturable Earnings (million $)
Total of Industries Below	54,537	711	$189	$521.5
Oil and Gas Extraction	3,346	$173.0	$ 41.0	$132.0
Seafood Processing	19,162	$154.5	$ 14.3	$140.2
Air Trans	1,971	$60.0	$ 15.8	$44.2
Special Trades Construction	2,571	$35.3	$ 15.0	$20.3
Eating and Drinking	7,609	$33.2	$ 11.3	$21.9
Engineering, Accounting, Management	1,764	$32.7	$ 15.8	$16.9
Heavy Construction	1,229	$31.5	$ 10.2	$21.3
Health Services	1,974	$29.4	$ 2.6	$26.9
Wood Products Man	1,226	$25.0	$ 3.9	$21.1
Building Construction	1,708	$23.5	$ 9.1	$14.3
Business Services	2,647	$22.7	$ 10.7	$12.0
Hotels	3,341	$21.2	$ 6.2	$15.0
Water Trans	958	$18.2	$ 4.5	$13.7
Metal Mining	484	$15.8	$ 3.7	$12.1
General Merchandize Trade	2,137	$12.6	$ 8.8	$3.8
Durable Goods Wholesale Trade	749	$11.3	$ 9.4	$1.9
Misc Retail	1,661	$10.8	$ 6.8	$4.1

Note: Seafood harvesting by self employed workers is not included in this analysis

The Economic Multiplier

A community can add new wage paying jobs in three ways:

- goods or services produced locally, sold to non-residents, bring money into the community to pay wages
- money from outside the region can directly pay the wages of local jobs
- money already in the region can be re-spent there, supporting local jobs

In Alaska, **goods** sold outside the community are usually produced by harvesting or processing a natural resource like fish, timber, or petroleum. Natural resource production is constrained by the size of the resource and is typically also subject to large fluctuations in demand, and volatile sales prices. Unlike many regions of the U.S., in Alaska the production of finished manufactured goods is not an important component of sales outside the state. **Services** sold to non-residents are usually in the tourist or international air cargo industries.

For the state as a whole, the largest source of outside money paying local wages is the federal government. It brings money into Alaska each year by directly employing workers in federal agencies here and by providing additional jobs through transfers and grants for social services, construction projects, and other purposes. In many communities, the State of Alaska is the largest employer bringing jobs into the community.

New money also comes into communities when a resident commutes outside the community to work and brings his paycheck home, or when a household receives a payment from outside the community such as a Permanent Fund Dividend check, a retirement payment, or a return on an investment. Although these inflows add to household income, they will not automatically create new local jobs, unless that income is spent within the community.

Local spending of the money that comes from the sale of goods and services outside the community or from public and private inflows of purchasing power is the third way to add new jobs. Both local businesses and households that spend their money within the community support other businesses, mostly trade and service businesses. Creation of jobs through this method is often called the **economic multiplier**. We calculate the economic multiplier as the ratio of total jobs in the local economy to the jobs in the local economy attributable directly to the purchasing power that comes in from outside the community.

The number of jobs that a local economy can expect to support from the economic multiplier depends primarily on the size of the local market, measured by the amount of purchasing power (cash income) in the community. There is a minimum market size for each type of local business to be profitable selling to other businesses and local households, and this **threshold** market size varies with each type of business. A second important factor determining whether a local business can be profitable is the **range** of

the market of the business, the maximum distance that a business can extend its sales before bumping into competition.

For example, a grocery store or general store is a business with a small threshold size. Very small markets can support a grocery store since it can generate a large volume of sales from each household and business in the community. It also needs to be located close to its customers because of the high frequency of customer visits to the store. It has a small threshold size and very limited range. An appliance store has a larger threshold (it requires a larger market size) because higher costs of doing business must be spread over a larger market. Since customers make purchases infrequently, they are willing to travel greater distances. So the range of the business is larger than the grocery store.

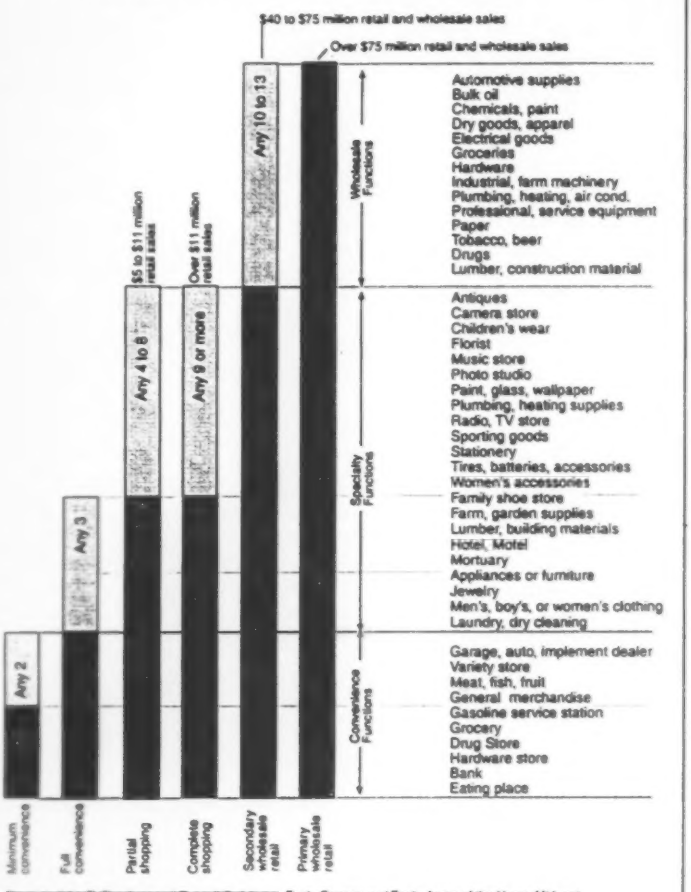
Because a limited variety of businesses are able to operate profitably in smaller markets, while larger markets can support more specialized businesses as well as those found in the smaller markets, there is a hierarchy of business types among communities.

Figure 13 shows an example of a six-level hierarchy of trade centers in one region of the U.S. The smallest centers, *minimum convenience trade centers*, are the most numerous, but have the smallest number and variety of businesses selling to the local market. The next larger size places, the *full convenience trade centers*, are less numerous, but each has not only the types of businesses found in the minimum convenience centers, but also businesses that can only be supported by the larger market in a full convenience center. The full convenience center market benefits from the purchasing power of the surrounding minimum convenience centers.

As one moves up the hierarchy of trade centers with larger market sizes encompassing larger areas, the variety of businesses increases. Both more specialized types of retail and service businesses and wholesale functions can be found in the larger markets. Although this example is somewhat dated because of technological changes in retailing in recent years, and conditions in rural Alaska are unique in many respects, the general notion of a hierarchy of markets remains valid.

The implication of this for local job creation is that small places can create few jobs based on the economic multiplier. Most goods and services purchased by local businesses and households will come from one of the larger trade centers outside the local market. This means that to add a job through the economic multiplier requires adding a lot of purchasing power to the local market, since only a small fraction of that money will be spent locally, supporting local jobs. We have estimated that in the smallest census areas in Alaska it would take $15 or more of new purchasing power flowing into the region to produce $1 of new income for someone working in a business supplying goods and services to other local businesses and households. In the larger markets, such as Anchorage, Fairbanks, and Ketchikan, less than $5 of new purchasing power brought into the community will generate an additional $1 of income in a support business (Figure 14). For the smallest communities in the smallest census areas an infusion of considerably more than $15 of new purchasing power would probably be necessary to generate $1 of income in a support business.

FIGURE 13. THE HIERARCHY OF TRADE CENTERS



Source: John R. Borchert and Russell B. Adams, *Trade Centers and Trade Areas of the Upper Midwest*, Upper Midwest Economic Study, Urban Report No. 3 (Minneapolis: September 1963), p.46.

The economic multiplier in these small places has a value little more than 1.0. For a larger market like Anchorage, the multiplier would be in the range from 1.3 to 1.6. An important consequence of a small multiplier is that the only way to create jobs in a small community is to bring more money into the economy from outside the community. Almost none of the jobs in areas with low multipliers result from re-circulation of purchasing power already within the community.

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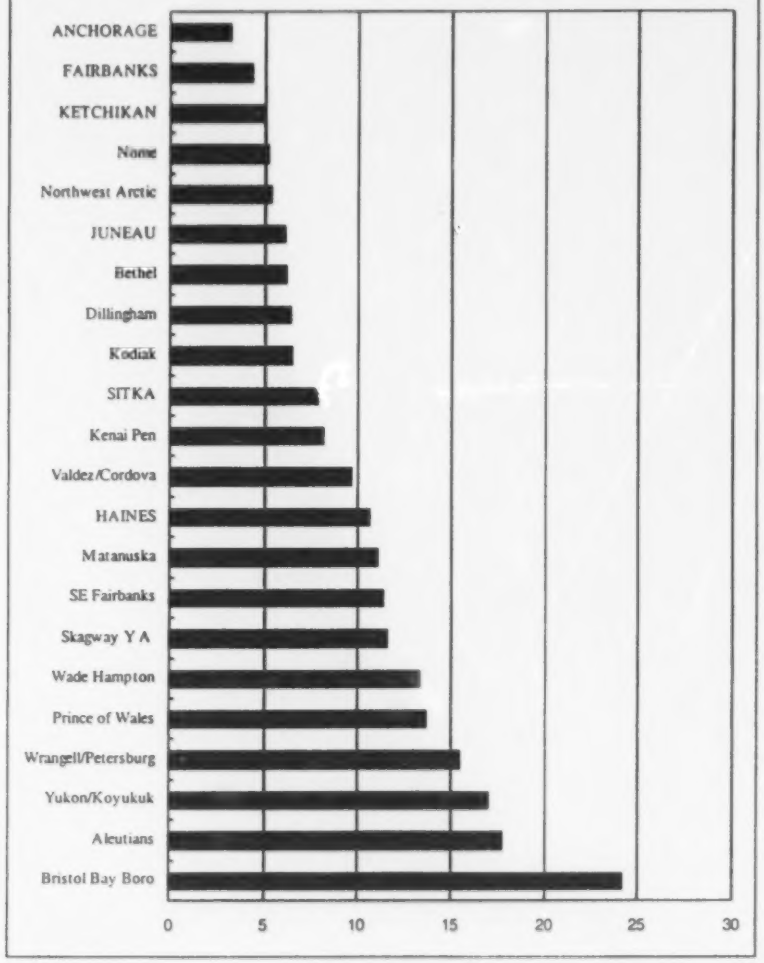
FIGURE 14. IMPORTED PURCHASING POWER DOLLARS NEEDED TO GENERATE $1 OF SUPPORT WAGES



A contributing factor to the small amount of employment generated by the economic multiplier in small places is the fact that few of the dollars spent on local retail purchases end up as wages paid to store employees. A large share of those dollars leaves the community immediately, to pay the non-local supplier and the transporter to bring the goods into the community. The paths by which a dollar of purchasing power can leave the community, as well as the residual which remains to become wages paid to a worker in a support business, are shown schematically in Figure 15. Money leaks out of the local economy first when a resident or business makes a direct purchase outside the region. Of the money that is spent locally, a large share leaves the region to purchase the goods found on the shelves of the local stores. Of the money that remains after the business pays for the goods, a portion goes to the maintenance of the store. The rest goes to

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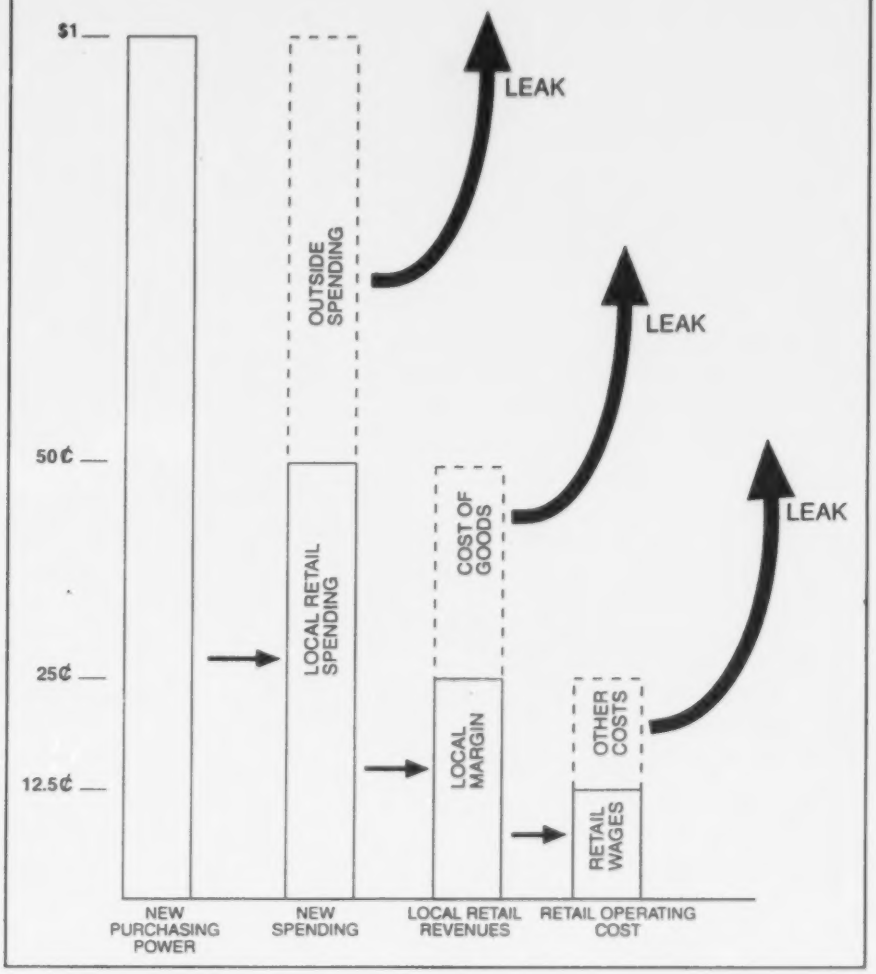
employees as wages and to the owner as profit. It is this small share of the original $1 that supports local employment.

FIGURE 15. NEW PURCHASING POWER LEAKS OUT OF A SMALL REGION



Descriptions of small rural economies in Alaska are consistent with this finding that only a small portion of the purchasing power that comes into the community remains to become wages in support businesses. For example, in two western Alaska communities of about 110 households each, the main support business was one or more local stores. In one village total purchasing power was about $2 million, while the wages paid by the local store were about $100 thousand. In the other community, per capita spending at the store was over $3 thousand, for a total of nearly $2 million, but only 10 percent of sales was paid as wages to employees (*A Demographic and Employment Analysis of Selected*

Alaska Rural Communities, Volume iii. U.S. Department of the Interior, Minerals Management Service, Technical Report # 137).

Another factor also limits how much of a community's purchasing power goes into wages. In small communities, and even in large urban economies, a significant amount of work is done outside the market and is not compensated in wages. In urban areas this economic activity is known as the barter or underground economy. In Native rural areas the non-market economy is usually characterized as subsistence activities. However, some non-market activity in rural areas probably does not fall into a traditional definition of subsistence. In small isolated communities people have to provide many services for themselves and others that in larger places are provided by someone in the business of selling services. In small places this work may not be compensated by a cash payment, but it nonetheless represents employment which has value. A complete accounting of the economy of a small place, including its employment, should take into account working for wages in the market, subsistence activities, and other work that is done without cash compensation that would normally be done for payment in the urban economy.

II. Welfare To Work: Potential Effects on Alaska Native Communities

Background

In 1996 Congress made sweeping changes in welfare programs—changes intended to reduce welfare rolls nationwide and move recipients back into the work force. The Personal Responsibility and Work Opportunity Reconciliation Act—more commonly known as the federal welfare reform act—limits the time people can collect benefits and requires most recipients to find jobs,or at least prepare to go back to work, within some specific time. These changes were worrisome to many Alaska Native communities, where jobs are scarce, unemployment is high, and many people depend on public assistance.

But the effects of welfare reform on small Native places with the highest rates of unemployment will not be as harsh as first feared. Under a special provision of federal law, residents of Alaska Native communities where 50 percent or more of the working age population do not have jobs will be exempt from the time limit on benefits. Still, despite that exemption, welfare reform will mean changes in Alaska Native communities.

This chapter summarizes the work requirements of federal welfare reform and discusses how those requirements are likely to affect Alaska Native communities. It also describes the concerns of people we interviewed about the potential effects of welfare reform on Native communities. Because welfare reform is so new—it has been in effect in Alaska for just over a year—there are still some uncertainties about just how it will be implemented and therefore how it will affect individuals and communities. In general, the larger the community, the more jobs—particularly entry-level jobs for people just moving off welfare who may have limited skills and experience. The smallest communities, which have the fewest jobs opportunities, face the greatest challenges under welfare reform.

There are a number of features of welfare reform in addition to the work requirements. We don't discuss those here; several other agencies and organizations have published full descriptions of federal welfare reform and its relevance to Native communities and organizations. Those include a report prepared by the Alaska Department of Health and Social Services, which discusses the relationship of the new work requirements to other public assistance programs, child support enforcement, and tribal organizations. (That report is available from ISER, for interested readers.)

Welfare reform went into effect in Alaska in July 1997. The biggest changes are: (1) the former Aid to Families with Dependent Children (AFDC) entitlement program was replaced by the Alaska Temporary Assistance Program (ATAP), funded through a combination of a federal block grant and state money; (2) a limit of five years was placed on how long adult recipients can receive benefits, with an exemption for residents of Alaska Native villages with more than 50 percent of adults not working; (3) benefit recipients—including those in exempt villages—will be required to do some "work activities" or face benefit cuts; and (4) single, teenage parents without jobs and not in school will be required to work toward GEDs or to take job training.

Summary of Changes

Benefit Time Limits and Exempt Communities

Federal welfare reform established a five-year (60-month) cap on benefits to adult recipients. However, under a provision of federal law, residents of Alaska Native villages with 50 percent or more of adults not working are exempt from that limit, as long as they remain in the communities. The Alaska Division of Public Assistance, which administers the new Alaska Temporary Assistance Program (ATAP), determined that data from the 1990 federal census was the best measure of "unemployment" in Native communities. The census collects data on the number of people over 16 who are not employed at the time of the census. The division asked the Alaska Department of Labor to prepare a list of all Native census places where at least 50 percent of adults were not working at the time of the last census.

That list includes 148 of the roughly 200 Native census places in Alaska. The census found 142 places with at least 50 percent of adults out of work in 1990. Another 24 Native places had unemployment in the range of 40 to 50 percent in 1990. The Department of Labor surveyed those communities in early 1998, to find out if unemployment had increased to 50 percent since 1990. It found that unemployment had reached 50 percent in 5 of the 24 places, so those 5 were added to the list. In addition, one community that had been inadvertently left off the census list was included, bringing the total of likely exempt communities to 148.

As of mid-1998 the Division of Public Assistance was reviewing the list to determine if those 148 communities will in fact be exempt under PL 104-193:408(a)(7)(D). A division spokesperson told us it is likely that those listed will in fact be exempt. (The list is attached as an appendix to this report.) The division will likely use this list to determine exempt villages until new data is available from the federal census in 2000. That data, however, probably will not be compiled and ready to use until about 2003. Therefore it appears that once the list is accepted, it will likely remain in effect for the next five years.

Jobs and Other Work Activities

Although it seems likely that most Native communities will be exempt from the time limit on benefits, one quarter—about 50 communities—will not be exempt. Residents of those places will face the end of benefits when they reach the time limit, which is counted from when the law went into effect—July 1997. Also, the exemption for the other three quarters of Alaska Native villages is an exemption *only* from the five-year limit on benefits.

Requirements for "work activities" apply to recipients in both exempt and non-exempt places. Specified shares of recipients in all communities have to be "engaged in work activities." Single parents will generally have to do "work activities" 20 hours per week; for two-parent families the requirement is 35 hours per week. Such work activities of course include jobs, but can also be training programs or community service work, in places where jobs aren't available. These requirements will pose particular problems in the smallest communities, which not only have few jobs but also few opportunities for other "work activities."

Recognizing that opportunities for work are very limited in small villages, the Division of Public Assistance recently approved the use of subsistence activities to fulfill the "work activity" requirements in some cases. Case managers can approve use of subsistence activities, if those activities are for "the good of the community" and there are no paid jobs available.

The new welfare law also imposes certain conditions on single, teenage parents receiving ATAP benefits. Teen parents not in school must be working toward GEDs or receiving some job training. Such education and training programs do not exist in many of the smallest communities. Young parents also often need training in parenting and money management. Again, such programs do not regularly exist in the smaller communities. It is unknown at this time if the Division of Public Assistance, during eligibility reviews, will take into account the lack of such programs in the communities where teen parents are receiving ATAP benefits.

Hardship Provisions

A significant share of Alaska Natives live in urban areas or communities that are not on the exempted list. (See the demographic and economic overview in Chapter I.) They will be subject to the five-year limit on benefits. Federal welfare reform does include a "hardship" provision that allows the state government to exempt up to 20 percent of its ATAP caseload. If Native people living in larger communities can demonstrate hardships that keep them from working—like medical problems—they too could be exempted, at least for some period, from the 60-month limit.

Some funds will also be available to help "hard-to-employ" people who have either run out of benefits or are in danger running out of benefits and are without jobs. In general, recipients who meet at least two of three accepted barriers to employment are eligible for help under this provision. The accepted barriers to employment are:

- Not having completed high school or a GED program, and having low skills (less than grade 8.9) in reading and math
- Requires substance abuse treatment
- Poor work history (worked less than three months in the last year)

Tribal ATAPs

Federal law allows certain Native organizations (including the non-profit arms of ANCSA regional corporations) to run Alaska Temporary Assistance Programs (ATAPs) for their members. The state government is in the process of determining if and how it may match federal dollars to Alaska Native organizations that can qualify to take over operation of assistance programs. Three other state governments have already agreed to provide supplemental state funding for tribal efforts in their areas. What Alaska's state government decides will influence the ability of Alaska Native organizations to hire people to provide these services. In the fall of 1998, the Tanana Chiefs Conference became the first Native organization to reach an agreement with the state government to run its own assistance

program. The program, the Athabascan Self-Sufficiency Assistance Partnership, will serve Alaska Natives living in the Fairbanks area and in 37 Interior villages.

Concerns of Native Communities

Native leaders and organizations have a number of concerns about the potential effects of welfare reform. As we noted before, at this point there are still uncertainties about just how welfare reform will work—for instance, how it will affect existing BIA assistance programs. The state government must clarify what it will allow and support in the face of welfare reform. Until the rules are made clear, it will be difficult for groups and individuals to decide how best to respond to the new law and its requirements. Below we discuss concerns raised by people we interviewed.

Will Welfare Reform Affect Migration?

A number of studies have found that Alaska Natives are moving from the smallest villages to larger communities (Seyfrit, in progress). Young Alaska Native women appear to be moving to larger communities faster than are young Native men. Native women also appear to be holding more of the potential jobs in small communities—because these jobs tend to be social, health, and service positions that have historically been filled by women. If welfare reform causes young women to move from villages to larger communities at an even faster rate, the loss of so many women of working age could have implications for village employment.

Another issue is whether ATAP recipients will consider moving to communities that are exempt from the 5-year limit on benefits. So far there does not appear to be any requirement, other than residence in an exempted community, to be waived from the 60-month limit. Therefore it appears that Natives and non-Natives could move to one of the exempted communities, if by doing so they could secure "work activities" that would allow them to continue to receive public assistance benefits. Some recipients might find moving easier than staying in a small non-exempted community and seeking similar "work activities"—or at least they might buy themselves some time.

At this point it is too early to tell whether significant numbers of welfare recipients might try to move to exempt communities—and how the state government would react if they did. Such migration would certainly add to the problems of small communities already struggling to find "work activities" for existing residents.

What About Training?

ATAP recipients who can't find jobs are still required to do some work activity or take job training. Such training is non-existent in most small rural Alaska communities. If training is available, it is often in larger communities or regional centers. Even then, training in the field of work needed isn't always available. Trying to get training would often require rural residents to travel and be away from home for extended periods.

What About Education?

People we interviewed are concerned that some young people may not be able to meet the work requirements of welfare reform. They believe that many students graduate from village high schools unprepared for the job market.

What are the Opportunities for Community Service?

The state government has yet to determine all the kinds of community service that will be considered adequate to fulfill work activity requirements. Our informants are concerned that in very small communities where a high proportion of the population collects ATAP benefits, defining sufficient community service will be a challenge. As we noted earlier, the Division of Public Assistance recently approved subsistence activities as fulfilling "work activity" requirements in some places, if those subsistence activities are for "the good of the community" and if no paid jobs are available.

What About Child Care?

The welfare reform act requires teenage unmarried parents receiving benefits to be in school or receiving training. It also requires two-parent families to spend substantial time working or doing some work activity. People we interviewed are concerned about adequate child care in small communities when many parents are engaged in "work activities."

Conclusions

Beginning in about 2001, other states should see a decrease in welfare rolls as some recipients reach the 60-month limit on benefits. It is possible that because Alaskans living in many Native villages are exempt from the limit, Alaska may actually see its public assistance funding increase. This assumes that recipients in exempt villages will meet other criteria for continuing to receive benefits, including engagement in "work activities."

However, in July 1998, at the end of the first year of welfare reform in Alaska, the ATAP caseload was down about 14 percent from its level a year earlier, according to an analyst with the Division of Public Assistance. It's not yet clear how much of that drop was due to recipients in larger communities moving off welfare, or to some people not applying because of the new requirements. So it remains uncertain how the total ATAP benefit payments will change, given that many of the smallest communities are exempt from the five-year limit, but the larger places (where most of the Alaska population lives) are not.

Right now it does not appear that the level or availability of public assistance will change dramatically in the next few years for Alaska Natives living in the exempted Native villages. The greatest impact will be in the smallest of the communities that are *not* exempted. There the job markets are limited, services are few, and the need for employment may be the greatest.

III. Expanding Native Employment In Existing Jobs and Programs

In this chapter we look at some of the methods private businesses, regional corporations, and governments are using to hire more Natives for existing jobs. We assess how well those efforts are working and how they might be improved.

Private Businesses and Regional Corporations[1]

Red Dog Mine

Background

In 1982, Cominco Ltd. and NANA regional corporation reached an agreement that led to the development of this large zinc mine in northwest Alaska. Under the agreement, Cominco leases the property from NANA, operates the mine, and markets the concentrate. NANA is entitled to 4.5 percent of net profit until Cominco has recovered its capital investment. After that, NANA's share will increase to 25 percent of net profits and, then by an additional 5 percent annually, up to a ceiling of 50 percent.

According to the human resource manager at Cominco Alaska, the agreement has three purposes: to develop one of the richest zinc deposits in the world; to provide employment; and to protect the subsistence lifestyle of the people in the region.

Employment

According to the *Special Resource Supplement: Alaska Economic Report & Alaska Legislative Digest*, (6/29/98, No. 11/98), 285 of Red Dog's 480 employees—or 57 percent—are shareholders of NANA regional corporation. Alaskan residents make up 416 of the 480 employees, or 86 percent. The reports notes that, "Cominco and NANA have a good track record of hiring shareholders so far at Red Dog, but the challenge in pushing the percentage higher is that about half the remaining jobs at the mine require college degrees. The two companies have formed a scholarship committee aimed at getting young shareholders from the region on an academic track that would allow them to get the higher-skilled professional jobs at the mine" (p. 3).

Recruitment and Training

Part of the success of the Red Dog in employing local Natives can be traced to the recruitment process. As outlined in a 12/8/95 memo, responding to a decision to increase production at the mine, Cominco and NANA embarked on an aggressive recruitment operation. They visited villages in the region to interview potential candidates from the recruitment list compiled by NANA. In addition to requiring a high school diploma or equivalent, Cominco/NANA required candidates to take a general education skills test. Final candidates were those with the highest scores. This process dispelled the appearance that finalists were chosen because of who they were or where they were from.

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[1]We were able to interview only a sampling of businesses and corporations. Organizations not discussed here may also have significant Native hire.

In addition, Cominco Alaska helps new recruits get the necessary skills and knowledge for the available jobs. For instance, in 1996, the available jobs required employees to take vocational training at one of two training centers: the Alaska Technical Center in Kotzebue or the Alaska Vocational Technical Center in Seward. To offset their costs of training new employees, Cominco and NANA jointly pursued state and federal training grants.

Impediments to Increasing Native Hire and Retention

Impediments to hiring and retaining more Native workers include the problems of maintaining a remote job away from family and friends, according to the human resources manager at Cominco. Being away from home for long periods is difficult. Cominco recognizes this, and allows employees to develop various rotation schedules to meet the need for things such as subsistence activities. At the mine itself, Cominco has built facilities for employees, including a well-supplied gymnasium similar to facilities that oil companies provide for North Slope workers.

Another impediment described by the human resources manager is that some positions require degrees in fields such as mining, engineering, and geology. While shareholders are given hiring preferences, very few qualify for these positions. When non-shareholders are hired, they must have the required skills and qualifications lacking among the pool of shareholders. As a result, the more experienced non-shareholder applicants are typically older, while the younger people tend to be shareholders. Job retention is lower among the younger workers, who may move on to something else, or who may lack basic job skills—for instance, not getting to work on time because they sleep in. Consequently, turnover among the younger workers is higher. The turnover rate for the 25-to-45 age group among both Native and non-Native workers tends to be the same at the mine, according to the human resources manager. The job-retention issue is therefore related to age rather than ethnicity.

The vice-president for operations at NANA reports that an unanticipated effect of the mine has been that some mine employees migrate out of the region. Their jobs supply them with the resources to relocate to areas outside the villages. Employees are relocating to areas such as Anchorage because of better opportunities for education and housing. "Some residents enjoy the village communities, but move because of the better school system."

Analysis

The key is that NANA had control of a highly valued resource—zinc. This put the corporation in an advantageous bargaining position with Cominco. They were thus able to insist that the mine hire local residents as part of the initial agreement.

Over the years NANA has worked closely with Cominco to put in place procedures for recruiting, selecting, and training employees. As a full partner in all these processes, NANA has been able to ensure that whenever possible, local residents are hired and trained.

Is NANA's success with employment at the Red Dog Mine replicable elsewhere? The answer depends on the degree of control that Native organizations exercise in any enterprise. NANA retained a great deal of control over who was hired—through both its initial leverage, supplied by its ownership of the resource, and its subsequent participation in the hiring process, particularly its involvement with the Red Dog Employment Steering Committee.

Community Development Quotas (CDQs)

Background

The Alaska Department of Community and Regional Affairs has described the purpose and structure of the Community Development Quota (CDQ) program in western Alaska:

> The Community Development Quota program was developed to enable residents of rural coastal communities in western Alaska to participate in the groundfish fishery off their shores in a way that will bring significant economic development to the Bering Sea region. The CDQ program is administered jointly by the Alaska departments of Community and Regional Affairs (lead agency), Commerce and Economic Development, and Fish & Game.
>
> The CDQ program is a federal program which allocates 7.5 percent of the total allowable catch of the Aleutian Island and Bering Sea pollock fishery—as well as a portion of the halibut and sablefish quota—to eligible communities in that region. The halibut and sablefish CDQ program is granted in perpetuity, and the pollock program has been extended by the North Pacific Fisheries Management Council (NPFMC) until 1998. The State of Alaska is responsible for the administration and monitoring of the program.
>
> Fifty six ANCSA villages near the Bering Sea have established eligibility under federal and state regulations, formed six CDQ groups, and established partnerships with fishing corporations. Local hire and reinvestment of proceeds in fishery development projects are required.

According to an author of a pending National Academy of Sciences (NAS) report on CDQs, the program offers support at several levels. CDQ funds may used (1) as loans to individual fishermen; (2) to guarantee fishermen's loans to buy or buy back limited entry salmon permits; (3) to hire Alaska Natives to build infrastructure projects such as docks; (4) to buy equity in vessels, as has been done in Bristol Bay and the Pribilofs.

One program in the Yukon-Delta includes an agreement negotiated with pollock trawlers to hire local Native residents, train them in Seattle, and employ them to work pollock during the season. "Some 2,000-6,000 have been hired, with average earnings of $4,000 to $6,000 for the season," according to the NAS report author. Working conditions are extreme. The halibut quota is being caught locally by Native fishermen. The pollock quota is contracted to trawlers, who submit bid packages which include fish royalty and

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employment targets. A small number of Natives are employed as crewmen on catcher vessels. A very few Natives also secure administrative jobs.

Another feature of the CDQ program in the Bristol Bay region is a "mini permanent fund," funded through profits from CDQ activity. These funds are used for scholarships. The NAS report author concludes that "the CDQ program is a complicated one, with much regional variability."

Some additional signs of how the CDQ program is working were included in the National Bank of Alaska's June 1998 newsletter, ***Business Cache***. The newsletter quoted Joe Kyle of the Aleutian Pribilof Islands Community Development Association as saying, "Our current success story is halibut, which our members are catching in the Bering Sea and we are freezing in our plant at Atka." Kyle reported that the association was handling 700,000 pounds of halibut a year, employing a dozen people full-time during the halibut season, and putting about $700,000 into the local economy.

The newsletter also quoted Carl Merculieff, president of the Central Bering Sea Fishermen's Association as saying that CDQs had allowed "more and more locals to take advantage of the rich store of seafood. Today there is room for the smaller entrepreneur and family operation. This, in turn, has meant more money coming into the smaller communities."

Employment

Figures compiled by the Department of Community and Regional Affairs show that in 1997 employment in the half dozen CDQ associations totaled 1,286 (including very brief seasonal jobs) and wages totaled nearly $8 million. Employment in the individual CDQ associations in 1997 varied from 15 to 375 (again including all jobs any time during the year). The CDQ program has also contributed to infrastructure development projects within the region, as well as loan programs and investment opportunities for local fishermen. The Department of Community and Regional Affairs reports that the North Pacific Fisheries Management Council is considering extending the CDQ program into other groundfisheries.

The NAS report on CDQs is in its final draft stage and its findings were not available for inclusion in this report.

Impediments to Increasing Native Employment

One of the authors of the NAS report observed that the primary problem with the program is that "the bureaucracy is not set up to deal with Alaska Natives and their unique situations and needs." He recommends "intermediary organizations" to broker between Alaska Native communities and the bureaucracy and cites as an example the Bristol Bay Permit Brokery for CDQs.

Analysis

Given that NAS is about to issue a report on the CDQs, venturing an analysis with little data in hand seems unwarranted. Yet the evidence we have collected suggests that the program has worked to the benefit of rural Alaska Natives in the Bering Sea region. The program has apparently increased Alaska Native employment in the fisheries and ancillary activities in this region.

If this impression is borne out by the systematic NAS study, the CDQ program may well present a model that is applicable to other resources and other regions. One of our rural Native informants argued that villages could "CDQ the oil, the timber, and whatever resources you have available for economic development—set aside a percent for the Native population."

Compacting Model

Background

Compacting is authorized under the federal Indian Self-Determination Act (PL 93-638). Compacting increases tribal control over and responsibility for federal program funds, by awarding funds directly to tribal organizations. That contrasts with contracting, under which a federal agency acts as a middleman, administering programs and contracting with a tribal organization. Compacting can have several advantages for Native organizations. Tribes or consortia receive the funding up front. This means they can earn interest on the funds before they are expended. In addition, funding allocated for administering programs goes to the tribes rather than to a federal agency. Tribes and consortia also have more discretion in how administrative and program funds are spent. For the programs that the BIA used to administer and which are now administered by the tribes, tribal authorities can decide how to allocate funds among these programs.

Not all tribal authorities are eligible for compacting, however. To qualify for compacting, a tribal authority must operate a 93-638 contract for three years with clean audits each year. Below we discuss how two Native organizations—the Yukon-Kuskokwim Health Corporation and Maniilaq Association—have used compacting authority.

Yukon-Kuskokwim Health Corporation

The Yukon-Kuskokwim Health Corporation (YKHC) is one of the first two regional health agencies, created in 1970. Fifty-six villages in the Yukon-Kuskokwim Delta are the constituent members of the corporation. The governing board of YKHC, which controls its programs, consists of 21 board members elected from the eleven units in the delta region. Two to eight members are elected from each region, depending on regional population. (The units coincide with the Association of Village Council Presidents' regional areas.)

The tribal councils in all 56 constituent villages must pass annual resolutions empowering YKHC to contract on their behalf. These resolutions include provisions that allow the tribes to remove their funds from YKHC if they choose. For example, Akiachak and Quinhagak have chosen to contract directly with the federal government for health aide and substance and mental health programs. However, recent federal legislation now prohibits tribes from withdrawing from such health consortia in the future. This change was prompted by

Congressional concerns about high administrative costs in smaller organizations and the belief that larger organizations can benefit from economies of scale.

YKHC is in its fourth year of compacting. Through compacting, YKHC receives about $40 million in federal funds annually. YKHC also receives funding for state programs, as well as for operating mental and substance abuse programs.

According to YKHC's executive vice president, the corporation has been able to expand and improve programs due to better management resulting from compacting. YKHC hired three people to survey residents throughout the delta to learn how many residents receive Medicaid or Medicare or have third-party insurance. The information from that survey has resulted in an additional $15 million/year in federal funds, which YKHC has put into expanding programs and gradually moving from crisis care to preventive care. Compacting allows YKHC to earn interest on the federal funds it receives for health care programs—thus providing additional money to expand programs and improve the quality of operating health care.

YKHC also reports expanding preventive health care programs into villages and thus making these programs more accessible to residents. Because villagers have to travel into Bethel and Anchorage less often, transportation costs have been reduced substantially.

Recruitment and Training
YKHC works in cooperation with the Kuskokwim Community College to improve the skills of employees through various courses that provide technical training. The corporation pays the tuition of these employees.

Employment
YKHC now has 30 or more employees—such as certified nurse's assistants—in the villages providing home care services. The corporation also employs 18 village alcohol counselors, each of whom serves two or three villages. Greater efficiency in administering programs has also enabled YKHC to employ more doctors. The corporation puts about $35 million into the local economy annually and employs about four percent of the population, making it the largest employer in the region.

Maniilaq Association

Maniilaq Association is the non-profit arm of NANA Regional Corporation in northwest Alaska. Currently, Maniilaq has entered into compacting arrangements with the Indian Health Service and the Bureau of Indian Affairs. According to the president of Maniilaq, compacting is "a contractual obligation in which the organization receiving funds has demonstrated maturity for the provision of services." The compacting arrangement with IHS provides Maniilaq with $21 million to deliver health services in the region annually; compacting with the BIA provides another $2 to $3 million.

Impediments to Increasing Native Hire through Compacting
While PL 93-638 permits compacting, Interior Department agencies other than the BIA are not eligible to compact. The president of Maniilaq believes the number of Alaska Natives working for several agencies in northwest Alaska would increase if compacting were

available, because several federal conservation units and BLM lands are in the region, as well as a National Park Service office in Kotzebue. Federal land in the region includes Cape Krusenstern National Monument; Noatak National Preserve; Kobuk and Selawik Fish and Wildlife Preserve; Bering Land Bridge National Preserve; and BLM-managed land on the Squirrel River.

Analysis
The advantages of compacting seem obvious. Extending compacting arrangements to other federal agencies operating in Alaska could, as the president of Maniilaq points out, increase the number of job opportunities for Alaska Natives, particularly those in rural areas near federal conservation units. The national trend toward the devolution of federal responsibilities to the local level may make this an opportune time to push for expanding the scope of compacting.

Section 29, Pipeline Right-of-Way Agreement

Background
Alyeska Pipeline Service Company is the consortium of oil companies that operates the trans-Alaska oil pipeline. A provision (Section 29) of Alyeska's pipeline right-of-way agreement with the federal Department of the Interior requires Alyeska to recruit, train, and employ Alaska Natives. That provision grew out of negotiations between Alyeska, the owner companies, and Native organizations in the late 1960s, when unsettled Alaska Native land claims covered the proposed pipeline route. In exchange for commitments by the pipeline company to train and hire Alaska Natives for jobs building and operating the pipeline, and to contract with Native businesses, Native groups agreed to support a provision (17c) in the 1971 Alaska Native Claims Settlement Act that extinguished all Native claims to the pipeline right-of-way.

To implement Section 29, Alyeska and the Secretary of the Interior signed, in 1974, a Native Utilization Agreement requiring that at least 20 percent of the work forces of Alyeska and its subcontractors be Alaska Native. Alyeska was to make periodic reports to the Interior Department on the composition of its work force. Under terms of the agreement, only the Secretary of the Interior—not Native groups—could enforce the Native hire requirements, and the only penalty the Secretary could impose for failing to meet the requirement was shutting down the pipeline.

However, Native groups that had monitored Section 29 since its inception found that Alyeska had failed to meet the required Native hire goals and that the Secretary of the Interior had failed to enforce the agreement. Following an audit by the Joint Pipeline Office (a federal-state agency which oversees pipeline operation), and after long negotiations between AFN and Alyeska, the Interior Department and Alyeska signed, in 1995, a revised Native Utilization Agreement. The new agreement requires Alyeska to build up to a work force that is 20 percent Native by the year 2004. The target of a 20-percent Native work force applies to Alyeska contractors with 50 or more employees. Contractors with at least 10 employees have to report their Native hire.

Alyeska also agreed to spend spend $25 million for the Section 29 program over the next 12 years. That includes more than $2 million per year for employment and training and $750,000 for scholarships.

These funds are used, for example, to train Alaska Natives as technicians to work at the pipeline pump stations. Recently, according to a senior personnel analyst at Alyeska, the Section 29 manager instituted a major philosophical change in the company's approach. Rather than place emphasis solely on scholarships for Natives who might or might not make their way into the upper levels of the company, this "gateway" philosophy involves asking joint ventures to help increase Alaska Native employment by augmenting Alyeska's funds for training and internships.

The goal of the gateway approach is to place Alaska Natives in professional and managerial positions as well as technical and clerical jobs. Alyeska established a mentoring and internship policy in 1998. The mentoring program pairs inexperienced workers with more technically experienced mentors who provide training in specialized career areas.

Employment

According to the senior personnel analyst, Alyeska currently has six full-time interns who are long-term employees; four interns who recently transferred to full-time jobs at Alyeska; and ten total full-time employees who are Alaska Natives.

The Section 29 office at Alyeska emphasized the importance of sustained funding for training because developing higher levels of skill among employees is a long-term process. Alyeska is currently developing a communication plan designed to raise additional training funds from regional and non-profit Native corporations, which are able to tap federal and state sources for training money. The communication plan also calls for cooperation with the ANCSA Human Resources Group, the Alaska Native Coalition for Employment and Training (ANCET), AFN, and the Alaska Inter-Tribal Council.

Analysis

The lesson of the original Native Utilization Agreement is that there must be, at the outset, clear and effective ways of monitoring and enforcing compliance. As we mentioned above, the only penalty the Secretary of the Interior could levy against Alyeska for failing to meet Native hire goals was shutting down the pipeline—an unrealistic penalty at best. Other types of penalties would have been much more feasible. For instance, an existing state local hire statute for public projects enables the state to withhold a portion of contract money if contractors fail to meet local hire requirements. The Tanana Chiefs Conference's Tribal Employment Rights Ordinance (TERO) calls for fines, damages for injured parties, and other sanctions against contractors who don't meet Native hire requirements.

Getting Alyeska to honor its initial Native hire commitments required negotiation of a revised agreement. The fact that the Interior Department failed to enforce the original agreement for 20 years speaks to the importance of vigilant oversight and of realistic and enforceable sanctions for failing to comply. Regulations and agreements are necessary to provide a legal backbone for efforts to increase Native hire. The Secretary of the Interior could, for instance, issue regulations for the implementation of the Section 29 provision. If

this proves difficult in the short-run, the right-of-way agreement is due for renewal in 2004. New sanctions for failure to meet the 20 percent target must be part of a renewed agreement.

At the same time, increased recruitment and hiring of Alaska Natives will require establishment of effective training programs. And finally, organizations and agencies with responsibilities for increasing Native hire need to constantly monitor and make public Alyeska's progress.

Oil and Oilfield Service Companies

TCC-Sponsored Roustabout Training

The Tanana Chiefs Conference (TCC) sponsors a training program for roustabouts in conjunction with Doyon Drilling. This program has been in place since 1982 and 15 classes have been held to date. The original training was a six-week session at the Alaska Vocational Technical Center in Seward. The last two classes have been three-week intensive courses held at Prudhoe Bay. Our informants told us there are usually 100 to 250 applications for these classes; an initial screening narrows that to 36 applicants, from which a final 18 are selected.

Peak Oil Services Company's Job Referral Service

Peak is a 50/50 joint venture between Nabors Drilling and Cook Inlet Regional Corporation (CIRI). Together with CIRI and the Cook Inlet Tribal Council, Peak funds Alaska's People, a job referral service designed to help Alaska Natives find jobs.

Arctic Slope Regional Corporation

Background

The Arctic Slope Regional Corporation, which represents Natives on Alaska's North Slope, has a corporate policy that makes shareholder hire a priority, according to the assistant to the senior vice-president for human resources. Goals for shareholder hire are part of ASRC's strategic plan, and in annual reports to the ASRC board of directors, every ASRC subsidiary is required to include plans for increasing shareholder hire. The number of shareholders hired is only one of ASRC's interests, according to our informant. The corporation is also concerned about opportunities for shareholders to advance and consequently does a lot of training and development for shareholders.

Two years ago, ASRC examined levels of shareholder hire among its various subsidiaries. With the data from that study as a baseline, each subsidiary has been asked to increase shareholder employment by 5 percent a year. (However, because many of these subsidiaries are involved with the oil industry, the number of available jobs fluctuates as activity in the industry fluctuates; there are fewer jobs available some years than others.) ASRC's hiring priorities are: (1) qualified ASRC shareholders; (2) qualified spouses of shareholders; (3) qualified Alaska Natives who are not ASRC shareholders; and (4) others.

Interim Report

Employment
ASRC's original shareholders voted to give children of shareholders—that is, children born after the 1971 Native claims settlement act was passed—restricted shareholder rights. A number of other corporations deny rights to these so-called "new Natives." ASRC has about 7,500 shareholders (including those born after 1971). About 800 or so a year—more than 10 percent—have worked for ASRC or its subsidiaries in recent years, according to our informant. (This employment number is close to that estimated independently by ISER researchers in the early 1990s.)

Recruitment and Training
ASRC has a database of about 2,000 shareholder resumes. Whenever shareholders apply for jobs, they are added to the database. Shareholder employment coordinators are stationed in Anchorage and Barrow. Every two weeks, these coordinators receive an updated list of shareholders looking for work. Whenever an ASRC subsidiary has a job vacancy, the announcement goes to the employment coordinators, who in turn get in touch with qualified job seekers and help them apply for jobs.

The assistant to the vice-president for human resources noted that ASRC formerly compiled "a ton of reports" about shareholder employment. It tracked the number of job announcements each month, the number of shareholders referred, and various other statistics. Rather than continuing to keep such detailed records, ASRC has now decided to focus its resources on outreach: counseling people in need of work, helping people prepare resumes, and going out into the villages and talking with job-seekers. A report on shareholder hire by location is still presented monthly to ASRC's board of directors.

If a subsidiary does not meet the goal of increasing shareholder hire by 5 percent each year, ASRC works with the subsidiary to get it on track, according to our informant. As an incentive to managers, bonuses depend in part on meeting shareholder hire goals.

ASRC helps shareholders get better training and develop their skills in various ways:

(1) ASRC has a shareholder professional development program. Currently there are five shareholders in the program, which is a three- to five-year program that trains people for professional or managerial jobs. Program participants serve short-term assignments with different subsidiaries to experience a range of jobs and situations.

(2) ASRC awards about 120 two- or four-year scholarships a year through its Arctic Education Foundation, a non-profit arm. People who receive the scholarships might be shareholders themselves or their children. Those who receive the scholarships are tracked to make sure they keep up their grades.

(3) Natchiq, which oversees most of ASRC's oil field work and has five subsidiaries, has a training facility that is open not only to shareholders but to anyone who works for a Natchiq subsidiary. ASRC hopes to have the scope broadened to include shareholders not employed by a Natchiq subsidiary. Several hundred people a year take some training at this facility, according to our informant, but not all are shareholders.

(4) ASRC encourages shareholders to attend Ilisagvik College in Barrow, which offers two-year associate degrees and vocational training in carpentry, plumbing, operating heavy equipment, and other trades. The college is a non-profit organization operated through the North Slope Borough. Any North Slope resident can attend free of charge. Our informant estimated that Ilisagvik has 50 to 60 full-time students and several hundred part-time students over the course of the year.

(5) ASRC has just signed a joint-venture training agreement with BP Exploration. The six-part training will occur over the next four years and will be paid for by BP. The first part involves eight shareholders who are attending an engineering program offered by the University of Alaska Anchorage. These students work at BP in the summer. The subsequent phases remain to be determined.

Analysis

ASRC believes it has succeeded in shareholder hire because it has made such hire a corporate priority and because it is continually looking for ways to boost shareholder hire. Also, the corporation has emphasized education and training to enable shareholders to move up the job ladder. This seems to be an accurate analysis. The key elements here seem to be: (1) goals for both the corporation and its subsidiaries that include incentives for managers and assistance for those not meeting the goals; (2) numerous and varied training and educational opportunities; and (3) a regular data-gathering and reporting process for monitoring progress toward hiring goals.

NANA Regional Corporation

Background

NANA Regional Corporation—which represents Natives in northwest Alaska—has developed, since its founding in 1972, into a diversified corporation with some 26 wholly-owned or partnership businesses. NANA's business activities include mining, lodging, food services, security, corporate services, construction, and engineering. According to a recent study conducted for NANA by the McDowell Group, the corporation, its subsidiaries, joint-ventures, and the Red Dog Mine generate 2,000 jobs with an annual payroll of $80 million. As the McDowell report points out, "if all these jobs were recorded as NANA employment, the corporation would be the third largest employer in Alaska."

The report also notes that "over the last five years NANA has recorded substantial growth. Gross revenues have increased over 50 percent, rising from $39 million in 1993 to $60 million in 1997. NANA's investment portfolio has increased in value from $36 million to $59 million over the 1993 to 1997 period, a 60 percent increase. Shareholder equity has jumped from $50 million to $70 million, up 40 percent in five years."

Employment

In 1997, according to the McDowell report, NANA employed 600 of its own shareholders and paid out $28 million in wages to shareholders. Within NANA, certain positions have been identified as available only to shareholders. According to the director of training and development, NANA does not have enough qualified shareholders to fill professional

positions, such as attorneys and engineers. Many positions in the corporation are in food and housekeeping services.

Recruitment and Training

According to NANA's senior resource analyst, the corporation maintains a database of 2,000 to 3,000 shareholder applications. The corporation keeps these applications in the database for 6 to 12 months, in the hope that it can find appropriate job openings. Three recruiters are stationed in Anchorage and a fourth in Kotzebue. The latter works with people who may have traditional skills but don't understand how to translate these into skills for "eight-to-five" jobs.

Job openings in the corporation are first posted internally, according to our informant. If two applicants are equally qualified, an applicant who is also a shareholder will have preference. (For purposes of employment, NANA also considers spouses of shareholders as shareholders.) Our informant said employee turnover is high, but the corporation is working to reduce that turnover through an extensive orientation program to help employees understand what they're getting into when they take jobs with NANA.

NANA also provides training for a variety of technical and skilled positions in its various subsidiaries and partnerships. The training budget for 1998 is $150,000, according to our informant. The corporation is focusing on two training areas intended for shareholders only: training for potential shareholder employees, and mentoring to help shareholders move into management jobs.

The pilot mentoring program pairs beginning employees with mentors who hold high-level positions in NANA's development department. Mentors and beginning employees both volunteer to participate in the program. An employee being mentored enters into a contract with a mentor for anywhere from six months to four years. Those being mentored receive help starting on suitable careers. NANA's development department provides funds for school tuition for those being mentored, who must remain employed at NANA. Conferences that employees attend to improve their job skills can also be considered as training. NANA views the mentoring program as a critical step toward its goal of a shareholder-managed corporation. The corporation also offers a program to upgrade the skills of its existing workforce.

NANA Scholarships

NANA provides scholarships to eligible shareholders. The 1998 budget for scholarships is $75,000. NANA will provide $40,000 of that total and Cominco and Chevron—partners in NANA business ventures—will also contribute. Scholarships are granted on a sliding scale, based on class standing. Students can receive $200 a semester as freshmen and may be eligible for an additional $200 per semester, up to a maximum of $800 per semester for seniors. Graduate students can receive $800 to $1,000 per semester. Eighty-seven NANA shareholders have been awarded scholarships for winter semester of 1998.

Camp Sivunniigvik

NANA is a primary supporter of Camp Sivunniigvik, a summer camp where participants spend a week learning a variety of skills with an emphasis on Inupiat culture. The camp is open to non-shareholders, and in 1997 about 200 young people attended, including some

from Anchorage and Fairbanks and as far away as New York. The camp is located 30 miles east of Kotzebue on the Kobuk River delta. It opened in 1983 and now has a staff of 25, plus volunteers. The 1998 budget for the camp is $130,000, with funding not only from NANA but also from a variety of agencies.

Impediments to Increased Native Hire
Like other Alaska Native organizations, NANA has confronted the problem of having higher-level positions for which relatively few of its shareholders are qualified.

Analysis
Like ASRC, NANA has made shareholder-hire a priority. As we noted in the earlier description of the Red Dog Mine, NANA has used its authority over resources to leverage jobs for its shareholders. Because shareholder-hire is a priority, the corporation has entered into new endeavors with an eye to employment opportunities for Alaska Natives in the region. In other words, agreements have, from the start, been negotiated with this goal in mind. The corporation has also created training and employment programs to help shareholders gain the experience and qualifications needed for higher-level positions.

Louden Village Tribal Council and Yukana Development Corporation[2]

Background
In 1996, the Louden Village Tribal Council created Yukana Development Corporation as a vehicle to allow the tribal council to contract with the Air Force for remediation work at the Galena Air Station. The creation of a tribally-owned, for-profit remedial contracting business accomplished two goals, according to our informants. It separated the business affairs of the corporation from tribal politics, and it separated the tribe's sovereign immunity from the corporation. Under the Yukana charter, the tribe is the sole shareholder and the tribe must use all dividends to improve domestic and social services. The tribe hopes it will ultimately be able to fund its own programs, rather than relying on unsecured grant programs.

Employment
The tribe estimated $200 million in remediation work was needed at the air station. The first year Yukana negotiated a contract to do phase one barrel work, which consisted of removing, crushing, and making ready for shipment barrels already collected out of the woods. The corporation is now negotiating for phase two, which is a $2.4 million contract to pick up barrels within a 10-mile radius of the air station. There will also be a phase three contract, to pick up barrels on the remainder of the Yukon River.

[2]Other tribal councils besides Louden Village's may also have success stories about training and placing tribal members.

In addition to the remediation contracts, Yukana has entered into a formal mentor/protege relationship with Chugach Development, a subsidiary of Chugach Alaska Corporation. Chugach Development currently has the contract for base operations and services at the Galena Air Station but will be mentoring Yukana to take over this contract. In mid-1998, 24 people in the local community were employed under this contract and the tribe hopes to expand this to 54 community jobs. The contract will also keep part of the overhead and profit in the community.

Louden Village Tribal Council has also sponsored training in hazardous waste removal and abatement for 104 of its tribal members. The laborer's union trained 80 people and EPA trained an additional 24. Yukana recently contracted to send 48 people to Dutch Harbor for 21 days to clean up a spill resulting from a freighter going aground.

Federal Programs

Construction of the Alaska Native Medical Center

Background

A new Alaska Native Medical Center was recently completed in Anchorage. Perhaps most interesting and controversial about construction of that facility was the involvement of the building trade unions. Some observers assumed that involvement of the unions would result in few jobs for Alaska Natives. In fact, the opposite turned out to be true. The manager of the Tribal Employment Rights Office at the Cook Inlet Tribal Council described the project in November 1994 as a "cooperative effort between 14 regional based Alaska Native employment and training service providers (affiliated as the Alaska Native Coalition for Employment and Training) and all 14 member unions of the Western Alaska Building & Construction Trades Council who demonstrate[d] the vision and flexibility needed to actively cooperate with contractors who were required to meet the federal Indian [hire] provisions that are part of the contract."

The manager estimated that the effort to hire Natives, coordinated and monitored by the Cook Inlet Tribal Council (CITC), produced an average of 70 percent Alaskan Native/American Indian employment in the skilled construction trades. Subcontractors on the project had very high levels of Alaska Native/American Indian employment: Ellis-Don Construction, 85 percent; Gagnon Masonry, 100 percent; and McLean Electric, 90 percent.

A key part of the effort may have been the informational sessions on Alaska Native people held by the Alaska Area Native Health Service for contractors, project superintendents, foremen, and personnel from the Public Health Service's resident engineer office at the outset of the project. Another key was the contract the resident engineer's office entered into with CITC to conduct monitoring and coordination services.

As an extension of the cooperative effort that began with construction of the medical center, the contractors for the $4.3 million mechanical upgrade on the Public Health Service facility in Bethel worked with the Association of Village Council Presidents to maximize apprenticeship and journeymen opportunities for Alaska Natives in Bethel. As reported by the TERO (Tribal Employment Rights Office) manager at CITC, 21 of the 24 skilled trade workers on the project in 1994 were Alaska Natives and over $900,000 in subcontracts were awarded to Indian-owned companies. The project superintendent was also an Alaska Native.

Employment

CITC figures put weekly average 1994 employment of Alaska Natives/American Indians on the project at 120 skilled trade workers. In 1995, 53 percent— or 112—of an average workforce of 212 was Alaska Native/American Indian.

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Recruitment and Training
The contractors did the hiring under the eyes of CITC. Most of the contractors had agreements with the related construction trade unions. When workers were needed, the contractor informed the relevant union. Because of the Indian Preference hiring provisions of the contract, unions would dispatch Alaska Native/American Indian workers. Non-union subcontractors were required to give CITC 72 hours advance notice before hiring a non-Native. CITC kept its members and others informed of opportunities and procedures for seeking jobs.

Analysis
The success of Native hiring on the ANHC project began with the Indian hiring preference in the original federal contract. It was incumbent on contractors to hire Alaska Native/American Indian workers whenever possible. The fact that the contractors had to work through the building trade unions did not prove to be the barrier to Native hire that some had anticipated. CITC/TERO also played a major role in monitoring hiring for the project. Everyone knew CITC was keeping an eye on hiring and also knew that the Indian hiring preference gave them leverage.

Emergency Fire Fighter (EFF) Crews

Background
Emergency firefighting crews in rural Alaska date back more than 60 years, to the Great Depression. According to the *Tundra Drums*, village crews were established as part of the Civilian Conservation Corps, one of President Franklin Roosevelt's prime means of getting money into the hands of those hardest hit by the depression. Today, the federal and state governments train a total of 73, 16-person Type II crews to national ICS standards to fight wildfires in Alaska. Mostly from rural areas and largely Alaska Native, these crews are hired when fires are burning and released when the fires are out. The state government manages 29 of these crews, providing needed training, physical requirement tests, and red card issuance. Firefighting crews can also be dispatched to fight fires in other states, after the fire season in Alaska is over, and are then paid by the federal government.

To qualify, applicants must meet national minimum standards for experience, training, medical, and physical fitness. They must also possess a valid Qualification Card Incident Command System, known commonly as a "red card." Applicants must be at least 18 years old and pass the currently approved physical fitness test.

At least two villages, Hooper Bay and Fort Yukon, have three crews each, while eleven other villages support two crews each.

Employment
According to the Alaska Department of Natural Resources (DNR), the state has paid an annual average of $3.9 million in firefighting wages to local residents since 1986. Combined with wages paid by the federal Bureau of Land Management (see page III-30), the total average annual payment to firefighting crews in Alaska is $6.9 million. In 1997, Alaska firefighters were paid over $5.6 million in state and federal wages.

We were unable to find out what portion of firefighting wages is paid to Alaska Natives or how many of the 73 crews are Native. However, we estimate that for the 63 crews that come from predominantly Alaska Native communities, employment is at least 1,008. This is probably a conservative figure, since crews from predominantly non-Native communities are also likely to include some Natives. Firefighters earn between $14 and $16 per hour. For a 16-person crew, a single three-week deployment can produce $50,000 in income for the village.

According to a DNR report on the Tazlina Hotshot crew, individual firefighters earn roughly $15,000 annually. Training of that crew was sponsored by the Copper Valley Economic Development Council, in collaboration with the Chitina Traditional Village Council, and funded with money from STEP. The work appeals to young people who enjoy the challenge of firefighting. The Tazlina crew trained for 80 hours before going into the field.

Analysis
Firefighting crews represent an important employment opportunity for Alaska Natives, particularly for young men. In addition to fighting wildfires in Alaska, crews are occasionally sent Outside to battle wildfires. The potential for further development of this kind of employment is limited, however. The Alaska Department of Natural Resources, Division of Forestry, "has determined from historical use that the maximum number of EFF crews normally required, and that can be efficiently trained, kept current, and logistically supported is 73."

In addition, income from firefighting is not dependable. For instance, according to the *Anchorage Daily News*, as of mid-1998 (7/26/98), only 127,000 acres in Alaska had been lost to forest fires, compared with 1.87 million acres in 1997. While it is good news for Alaska when less acreage burns, it also means less income for firefighters. Crews in some villages have not been called out all summer. Residents who rely on firefighting wages as their principal source of cash for the year will be in difficult straits during the coming year. Some communities will be particularly hard hit in 1998, because not only is income from firefighting down but also income from commercial fishing—another traditional source of income for rural Natives.

Still, the model the EFF crews represent may have potential for increasing Native employment. As we described earlier, Louden Village Tribal Council has sponsored training in hazardous-waste removal for 104 of its tribal members. The laborer's union trained 80 people and EPA trained an additional 24. Yukana Development Corporation, a subsidiary of the council, recently contracted to send

48 tribal members to Dutch Harbor for 21 days to work on a spill resulting from a freighter grounding. According to our informants, the camaraderie and pride exhibited by the members of the cleaning crew mirrored that associated with firefighting crews. In addition, the short-term, intense periods of employment allowed villagers time to pursue subsistence activities.

Leveraging Native Hire through Sanitation and Safe Water Projects: Force Accounts, Contracting, and Cooperative Agreements with IHS

Background

The federal Indian Sanitation Facilities Act (PL 86-121) became law on July 31, 1959. This act authorized the Public Health Service to enter into cooperative agreements with Indian tribes and Alaska Native groups to provide essential water, sewage, and waste disposal facilities for qualified tribes.

According to the Village Safe Water Office at the Alaska Department of Environmental Conservation, over the past several years approximately $50 million in federal and state funds have been blended together annually to plan, design, and build sanitation facilities in rural and Alaska Native villages. The sources of funds for these projects are Public Health Service/HUD (for housing and plumbing), Alaska Department of Transportation and Public Facilities (for sanitation and roads), Village Safe Water (for planning, design, and construction), EPA (for wastewater), and the Family Housing Authority (for construction).

Agencies use memorandums of agreement to establish joint ventures that are intended to eliminate duplication of effort and reduce community confusion, since a single agency is designated as the lead, regardless of the type of funds used. An incentive-based program using health, environmental, and local operation and maintenance (O&M) commitment criteria is used to rate and score projects on a statewide priority list developed annually in the fall. This list is passed on to the Alaska Legislature, which appropriates funds each year to finance those community projects high on the list. Grants covering 100 percent of the project costs are made to these communities. Technical and administrative assistance is available to communities throughout the life of the project. All funds are deposited in a named project account monitored by an accounting firm. Monthly financial statements are provided for each project. Since financial accountability is crucial, co-mingling of these funds with other community assets is not permitted. If communities violate the conditions of the grant, the project is stopped and the funds held in abeyance. Of 47 ongoing Village Safe Water projects, 3 are currently being held in abeyance.

Engineering feasibility studies are required for every project. These investigations take from 6 to 18 months and include a public participation process. The community selects its desired solution at the end of that process.

Davis-Bacon and Mini-Davis Bacon Legislation[3]

Before talking about how Native organizations have used PL 86-121 to create sanitation project jobs for rural Natives, we first need to briefly discuss the federal Davis-Bacon Act, which plays a major role in determining construction wages. Originally passed by Congress in 1931, during the Great Depression, Davis-Bacon and its state-level equivalents—sometimes called mini-Davis-Bacon –have been controversial for decades.

Essentially, the Davis-Bacon legislation requires contractors on public construction projects to pay what the federal or state government has determined are "prevailing wages" in the region. It also supports training for workers, because it requires contractors to hire some apprentices.

In Alaska, some rural residents see the laws as impediments to increasing local hire on construction projects in rural areas—because the established wages tend to attract workers from urban areas. Others believe the laws insure fair wages for local people. Organized labor staunchly opposes any changes in Davis-Bacon. According to the executive council of the AFL-CIO, repeal of the laws would "destabilize and disrupt the [construction] industry. This is the experience in the states that repealed their prevailing wage laws, known as 'little Davis-Bacon laws.' These states have seen increases in the number of cost overruns and expensive change orders to rectify mistakes and shoddy workmanship."

Those who argue for repeal at the national level claim that such a change would save the government money, citing Congressional Budget Office figures they say show that Davis-Bacon costs taxpayers about $1.5 billion annually. The AFL-CIO counters that repeal would be "penny-wise and pound-foolish" because it would "increase the budget deficit, since lower wages for construction workers would result in an estimated decline of $1 billion in federal tax revenues."

Organized labor's greatest concern is for the construction workers, union and non-union, who the unions claim would lose an average of $1,477 in pay annually if the legislation were repealed. The unions also claim that "studies show that Davis-Bacon construction projects employ a higher percentage of minorities than other projects, and states that have repealed their little Davis-Bacon Acts have seen minority participation in apprenticeship programs decline by more than one-third." Opponents refute that claim.

In Alaska, observers familiar with contracting in rural areas believe the primary reason contractors do not hire more construction workers locally is that they do not believe they can find workers with the qualifications and experience required to do the job in the time allotted. Contractors, working on hard money contracts with inflexible deadlines, must adhere to a strict timeline and have little room within their budgets for missteps. Consequently, they are more likely to hire an electrician from Anchorage or Fairbanks whom they know and who will complete the job within the required time. Hiring local workers is, from the contractor's perspective, risky: local people may or may not have the required knowledge and skill and they may or may not be available when they are needed.

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[3]It's not clear whether on balance the Davis Bacon Act helps or hinders Native hire, based on the arguments our informants made for and against the legislation.

Critics argue that this explanation is merely an elaborate excuse for contractors to hire their acquaintances rather than Alaska Natives.

Using Tribal Employment Rights Offices (TERO) ordinances, communities can make local hire provisions part of any contract let for local construction projects. Such requirements have to be included at the time the funding agency is putting the project package together, according to the coordinator of Native hire during construction of the Alaska Native Medical Center. He suggests that TERO officers get involved in planned projects very early—attending pre-bid conferences, meeting with the agency contracting for the work, getting to know all the bidders, and in general making everyone aware of the local workforce's training, skills, availability, and experience.

Repealing Davis-Bacon and mini-Davis-Bacon in the face of adamant labor opposition seems unlikely. Moreover, even if the laws were repealed, considerable effort would be required to force contractors to hire locally, especially for skilled labor. Both of these circumstances tend to reinforce the advantages of force accounts, which we discuss next. A force account enables a community to hire local residents at less than the Davis-Bacon rate, thereby hiring more residents than would be possible under the full rate. Not everyone is, however, satisfied with the lower wages, according to the Office of Environmental Health and Engineering in the Alaska Area Native Health Service. Some residents believe they should receive the same wages their counterparts in urban areas receive.

An alternative way for Native organizations to insure local hire would be to negotiate the inclusion of TERO ordinances in contracts (as discussed above) and then work closely with contractors to help them identify suitable workers in the community.

Use of Force Accounts[4]

The first projects under PL 86-121 nationally began in 1960, and initially tribes were expected to provide volunteer labor. The government assigned a foreman who supervised a team of local volunteers and some hired labor. This type of construction, in which the government has direct involvement in the project, is what is known as "force account." Force account construction implies that the government purchases the materials, provides or rents the required equipment for the project, and has government employees supervising the construction.

Since the outset of the Sanitation Facilities Construction program in Alaska, the concept of government force account has been recognized as the most feasible method of construction. Government force accounting allows involvement of Alaska Natives, which is beneficial to the economy of the community and provides job skill training. As the program progressed, the Indian Health Service recognized that expecting Native people to volunteer their time to construct the project during the season of the year when many have to earn their annual incomes was infeasible. The federal government then developed a reduced wage scale commensurate with the local prevailing wage. This resulted in wages that are typically 50 to 60 percent

[4]We do not have precise information on the cost differences between force accounting and other construction contracting methods.

of the prevailing Davis-Bacon wages, without fringe benefits. The Native community has the option of increasing these wages by contributing funds from other sources. However, in most villages, these wages are accepted.

Years of cost-effective operations and the desire of rural communities to generate local employment and stimulate their local economies have prompted the widespread use of force accounting to construct sanitation facilities in villages. Many village leaders do not like contracts or outside contractors. They want to participate in project planning and construction. Hiring outside contractors is also expensive, unless the project is sufficiently close to a population center where contractors have access to their own heavy equipment and to subcontractors. The remoteness of most villages necessitates barging in equipment and materials. The sanitation program has accumulated a fleet of federally owned heavy equipment. This equipment is leased and the fleet replenished with funds from the leases. In many villages, this fleet is augmented with locally owned equipment.

Force account construction also allows for greater flexibility in planning, scheduling, and building, much of which is carried out in conjunction housing projects funded by HUD. Most construction projects have multiple-agency funding that complicates planning and coordination. A contractor cannot order materials until the contract is awarded, which is 60 to 120 days after the design is complete. Quite often, that system delays construction by at least a year. Force account construction, on the other hand, enables the villages to order materials before the design work is complete. The experience of the Office of Environmental Health and Engineering in the Alaska Area Native Health Service is that when projects are put out to bid, the typical bid comes in at twice what the force account method would cost. Our informants told us that this estimate has been borne out by past solicitations that were later canceled due to high cost.

According to the environmental health office, the practice of force accounting has continued in Alaska but not on reservations in the Lower 48. Outside tribes contract with the government directly or receive direct payments to do the work themselves or to contract the project out. The environmental health office estimates that residents in approximately one in every eight to ten villages in Alaska are dissatisfied with the wages paid under force account construction. Typically these are villages in the most economically disadvantaged areas.

The Village Safe Water Program has reported that because local governments must own and operate constructed facilities, they determine how the project should be built. Consequently, most safe water projects use force account construction. This allows the community to hire local residents as an extension of their local public works department to build the project. Wage rates, hours, working conditions, and insurance are the responsibility of the local governing body. Outsiders employed are the field engineer and lead superintendent. All others are community residents. Flexible work schedules are established to allow time for berry picking, fishing, hunting, firefighting, as well as for delays caused by bad weather and the usual array of material, equipment, transportation, and logistical problems. Since there is no profit margin, work usually costs less to accomplish, although informants say production efficiency has been an issue on some jobs. Plumbing, pipe fusing,

carpentry, surveying, and trenching crews are trained on the job. Bookkeeping, accounting, and payroll taxes are done by an accounting firm. The on-site project engineer does inspections. In areas where unemployment is high, force account construction is extraordinarily popular but requires a very competent team of village leaders, engineers, and superintendents and foremen to pull it off.

Alternatives to Force Accounts

Not all sanitation projects in Alaska are done by force account. In recent years, several successful contracts have been let to serve the Kenai Peninsula, the Copper River Valley, the Fairbanks area, Dillingham, Nome, Naknek, and King Salmon. In these projects, well drillers and small contractors with backhoes and other equipment have been locally available. These projects, however, constitute only about 10 percent of all sanitation projects.

Tribes not using force accounting may still receive funds for projects through cooperative agreements. Tanacross, Bethel, Unalaska, and Nome have negotiated cooperative agreements for sanitation projects. According to the environmental health office, the advantage of a cooperative agreement over a contract is that villages avoid the risk of cost overruns. At the same time, by pursuing cooperative agreements rather than contracts, tribes forego the possibility of earning a profit from a project by keeping costs below the contracted amount.

One Village's Experience with a Cooperative Agreement

According to the Tanacross tribal administrator, the village is currently replacing and expanding its sewer system. Tanacross chose to take on the management of the project under a Memorandum of Agreement with the IHS. The tribe had originally wanted to get a 93-638 (Self-Determination Act) contract for the project, but this option became unavailable when Alaska's U.S. Senator Ted Stevens attached a rider to the Indian Health Service appropriations bill. That rider said there would be no new 93-638 contractors for health services except the Southcentral Foundation. The tribe felt that a 93-638 contract would have been better, because they would have had complete authority to get the job done: they would have borne the risk but also reaped the reward. Under the memorandum of agreement, they don't bear the risk but they also forego the possibility of making a profit.

Before the demise of the 93-638 option in October 1997, the environmental health office let three 93-638 contract projects in Galena, Beaver, and Quinhagak. Of these, only the project in Galena has been completed. According to the environmental health office, the problem with the 93-638 contract was that the tribe incurred the risk as well as the profit. The biggest risk was that the project cost would exceed the funds. In force account construction, the Indian Health Service retains the risk.

Tanacross is concerned about the level of wages paid tribal members and has been negotiating for wages higher than the Indian Health Service standard of 50 percent of Davis-Bacon. The council has brought in three people from outside the village to manage the skilled areas of construction. The construction foreman is a Native from Nenana with 25 years of experience. A Native from Ruby is the mechanic.

The only non-Native is the surveyor. The assistant foreman, four laborers, one security person, and the construction administrative assistant are all local residents.

The Tanacross tribal administrator reported that a critical aspect of the project was putting an accounting system in place. Two years were required to move from the manual accounting system to a computerized accounting system with a dedicated check printer.

Barriers to Extending Force Accounts and MOAs

Informants told us a barrier Tanacross encountered was a prevailing paternalism among the agencies. As a tribal administrator reported:

> Their attitude is "we know best." [The agencies] will come in and say, "We will take care of you by building you houses" instead of working on getting you to learn how to build houses. There is a tension between the middle class in urban areas and the villages, which want higher wages and local control. For example, Tanacross has taken jobs out of Fairbanks. In the long run, however, all of Alaska will be on a faster growth path if the economy is more diversified.

Tanacross is considering a project labor agreement for the future. Village officials believe their tribal members deserve respect for their skills. The laborers and the operators unions offer training benefits as well as medical and pension benefits. They also believe in the importance of incorporating their TERO ordinance into all contracts and agreements, so a Native employment preference is assured.

Employment Effects

The economic impact of jobs building sanitation systems is significant in Native villages that suffer high rates of unemployment. Some villages rotate the labor crews to give everyone in the village seeking employment the opportunity to work on a project. While involvement of the Native people frequently results in dollar savings for the project, a greater benefit may be the development of local knowledge and expertise regarding the facilities installed and procedures for their operation and maintenance. Local residents are trained to operate the systems after the construction phases and, where feasible, local operation and maintenance organizations are established and equipped.

Federal Agency Policies

Background
Eighteen federal agencies and departments have offices in Alaska. Each of these has its own personnel office. This makes systematic recruitment of Alaska Natives for jobs in federal agencies difficult. Also, most federal jobs are advertised primarily on the Internet and are filled through national competitive hire.

Three land management agencies within the Department of the Interior (the Fish and Wildlife Service, the National Park Service, and the Bureau of Land Management) have local hire authority in Alaska under terms of the 1980 Alaska National Interest Lands Conservation Act (ANILCA). This local hire authority allows a federal agency to limit applicants for certain jobs to local residents with special knowledge of local conditions. This local hire provision gives rural Natives a much better chance at federal jobs, but only three federal agencies have this authority, relatively few jobs are filled through local hire, and most such jobs are lower-level positions.[5]

All federal agencies are subject to the federal government's Equal Opportunity Recruitment Program (discussed more below), designed to bring more minority workers into the federal labor force. Some federal agencies also have Native liaisons to work with Native communities and help promote Native hire. Others have diversity working groups. Several also take part in the federal government's Student Career Employment Program, which gives some Native students a way to work into federal jobs. Under this program, students at least 18 years old and working toward degrees or certificates that could qualify them for jobs in a given agency can work part-time for the agency while they go to school. They then have the opportunity to go to work for that agency when they graduate. Such student jobs, however, are few.

In 1988, under pressure from the Alaska Congressional delegation and Native organizations, the federal government sponsored formation of the Alaska Native Employment Network. The network was formed by 1989, and in April 1993 the first coordinator, Dennis Metrokin, was hired. Later, Tony Vaska became the coordinator.

Vasca worked with federal agencies, Native organizations, and individual job applicants. He helped Native applicants fill out complex application forms, informed them of available positions, and generally helped them negotiate the system. The coordinator also worked with the Federal Executive Association, a chartered group composed of the directors of agencies in Alaska. The association has a Civil Rights Committee, made up of the staff Equal Employment Opportunity (EEO) representatives of federal agencies. The committee does not collectively track Native hire, but each agency is required to keep its own records of minority hire. Unfortunately, despite its apparent effectiveness, the Alaska Native Employment Network was recently disbanded and the coordinator's position was terminated because of lack of agency funding and support.

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[5]We don't have complete information on how the local hire preference in ANILCA is enforced, nor do we have information on what more federal agencies that lack local hire authority could legally do to increase Native access to federal jobs.

Equal Employment Opportunity Targets

All federal agencies are subject to requirements of the Federal Equal Opportunity Recruitment Program. This is an affirmative-action recruitment program (recruitment, not hiring) that is mandated for all federal agencies to increase their hiring of Blacks, Hispanics, Native Americans, Asian Americans/Pacific Islanders, and White women. The program has three goals: (1) to expand targeted affirmative recruitment; (2) to make applicant pools representative of the nation's diversity; and (3) to eliminate under-representation of minorities in the federal workforce. The federal government's equal employment opportunity program works on a trigger concept: once federal officials have determined that minorities are under-represented in an agency's workforce, targeted recruitment is triggered.

Impediments to Increasing Native Hire and Retention

The "targets" for minority hire set for federal agencies are based on the percentage of various minority groups in the national civilian labor force *in specific job categories*. (For example, say that 2 percent of the biotechnicians nationwide are Native American. In filling biotechnician jobs in Alaska, an agency's target would be a biotechnician workforce that is 2 percent Native American.) Because the proportion of Alaska Natives/American Indians in the national labor force is small, most or all of the Department of the Interior agencies in Alaska probably are meeting their EEO targets for Native hire— or, in the EEO language, Alaska Natives are not "under-represented."

On the other hand, Hispanic people may be considered as under-represented in the federal work force in Alaska, because the percentage of Hispanics here is smaller than the national average. The Alaska office of the Fish and Wildlife Service has pointed out to the Equal Employment Opportunity Commission that the minority composition in Alaska is different from the national average. The EEOC's response has been that the use of national minority representation is appropriate because federal agencies recruit nationwide. Federal agencies have to submit a plan to EEOC every year, stating goals for minority recruitment and proposing ways to meet their goals. If federal agencies fail to meet their minority hiring targets, not much appears to happen, except that the agencies have to revise their plans and propose ways of improving minority hire. In the worst case, the EEOC could send someone to investigate an agency for failure to meet minority hiring targets. We are not aware that this has ever happened in Alaska.

Federal Aviation Administration

Background

The Federal Aviation Administration (FAA) has an Alaskan Region Native Hire Committee to help the agency increase its Alaska Native work force. That committee makes recommendations to the FAA's regional administrator and to members of the regional management team about how to hire, train, and retain Native employees. The FAA's Human Resources division is also charged with coordinating efforts to increase Native hire.

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The Flight Standards Division reports using special hiring programs to try to increase Native hire. That division has also recognized its evaluations program manager, Dan Perry, for revitalizing equal employment opportunity within his agency. For example, Perry involved the Native Hire Committee in surveying the needs, issues, and concerns of the division's Native American employees. This resulted in a compilation of statistical data on Native employment and training in Alaska and an assessment identifying problems. The committee was able to identify specific goals and a plan to accomplish them. Perry has also developed a presentation for FAA's regional management, outlining the goals of the program and describing the specific support needed from each manager.

Perry helped the manager of the Flight Standards Division define a process for informing Native communities about employment possibilities. The resulting process included meeting with potential applicants to explain the hiring process and what they needed to do to be considered for jobs.

The FAA's airports and air traffic divisions also use, in conjunction with the University of Alaska, a cooperative education program to help recruit Alaska Native students for possible job opportunities with the FAA.

Impediments to Increasing Native Hire and Retention

The evaluation program manager told us that he has been frustrated at not being able to generate more interest in FAA jobs among rural Alaska Natives. He reported finding that in rural Native communities interest seems highest in jobs that are high-paying and short-term—like construction jobs—because such jobs allow continued subsistence activities. By contrast, FAA jobs are long-term, career-oriented, and full-time— and consequently are not as attractive.

Another problem is that over the past five or six years a number of FAA jobs have been transferred from rural to urban areas such as Anchorage, Fairbanks, and Juneau. Of the 140 FAA safety inspectors in Alaska, none are stationed in rural areas. The evaluation program manager views this as an expensive way to do business, because urban inspectors must be paid a per diem rate on top of travel costs when they travel to rural areas. FAA has consolidated flight service stations, thereby mothballing many facilities in Alaska. The evaluation manager thinks this reflects a larger trend in which many federal jobs—including those with the Bureau of Land Management—are being relocated to urban areas, on the grounds that not enough qualified applicants can be found in rural Alaska.

Analysis

Development of advocacy groups to track employment of Alaska Natives within federal agencies and other government entities would help improve Native hire. Job development is another key to increasing participation of Alaska Natives. Such development would include assessing the work available and where the work resides; it could also be useful to split jobs so that more qualified persons could mentor or train those with less experience —similar to the relationship between village public safety officers and state troopers.

The evaluations program manager for the Flight Standards Division of the FAA is a member of a coalition of employees called the National Native American and

Alaska Native Coalition of Federal Aviation Employees (NAAN). This is a professional association recognized by the federal government as a represented group; it is considered an advocacy group. At present, this coalition lacks funding and support from the community. The evaluations manager feels, however, that the coalition has the most potential to increase Alaska Native employment in the federal government. This coalition functions as an advocacy group because: (1) coalition officers are elected by other coalition members and are free to interact with community organizations; (2) the members can act as a non-profit organization and receive funds for operating programs (such as making fliers) or for travel costs; and (3) the members are within the organization—so they have an inside view of that organization.

Fish and Wildlife Service

Background

Unlike most federal agencies in Alaska, the Fish and Wildlife Service has local hiring authority under terms of the Alaska National Interest Lands Conservation Act (ANILCA). This means that, for certain jobs, FWS can limit applicants to those living near wildlife refuges. Typically such local hire jobs require special knowledge of the local area. An example of FWS local hires in Alaska are refuge information technicians, who help collect survey data and explain FWS programs to local residents. FWS does frequent surveys of fish and wildlife harvests in refuges. The information technicians help do the surveys but they also explain to people why FWS needs the information. Information technicians also make interpretive presentations in schools, present information at village meetings, and, in general, explain FWS policies to local people.

Most FWS jobs—like federal jobs in general—are not local hire but competitive hire nationwide and are advertised primarily over the Internet. FWS refuge managers in Alaska recognize that not everyone has access to the Internet, a human resource specialist with the agency told us. So managers mail job announcements to the tribal councils and post them in grocery stores or other places where local residents are most likely to see them. Recently, FWS has been developing a list of groups to which it e-mails job announcements. FWS surveyed the Native corporations to find out if they wanted to receive job announcements by e-mail and the affirmative response has been "overwhelming." Some Native corporations keep resumes of Alaska Natives looking for jobs on file and may be able to get in touch with qualified applicants when jobs come up. However, most FWS positions filled under competitive hire have specific education requirements that limit how many applicants can qualify.

Employment

FWS is meeting its target for Native American hire in Alaska—based on national Native American labor force percentages—but the agency's human resource specialist told us FWS would like to hire even more Alaska Natives, especially those who live near the refuges. The FWS also has a Native liaison, who attempts to resolve a wide range of concerns Alaska Natives have about FWS programs and policies. The liaison reported that refuge managers in Alaska actively try to hire

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Native people. For example, in the Yukon Delta National Wildlife Refuge, an estimated 50 percent of employees were Native as of mid-1998.

The liaison also told us he has been encouraged by the actions of the current regional director, who strongly believes in the need to increase Alaska Native hire. FWS also has an internal "diversity group" that is drawing up a diversity plan. The liaison believes that if middle and top management at the agency embrace the plan, FWS will try to find ways of lowering barriers to Native employment.

As of March 1998 (the most recent figures available), FWS Native employment in Alaska was: 53 of 481—11 percent—of permanent employees were Alaska Native, and 6 of 75—8 percent—of temporary employees were Native. These March figures do not include summer seasonal hire.

Impediments to Increasing Native Hire and Retention
See the description of the EEOC formula, at the beginning of this discussion about federal agencies.

The liaison reported that while FWS Native employment already exceeds EEO targets, the agency continues to work toward increasing Native hire. He added that the current problem at FWS is not so much in the number of Alaska Natives employed but the levels at which they are employed. FWS focuses on employing new people in entry-level positions; the liaison thinks FWS could put more emphasis on hiring Native applicants for positions of authority, if they meet the job eligibility requirements.

The Native liaison offered as one of the reasons Alaska Natives are concentrated in the lower job levels is that many lack the education required for the upper levels. In particular, they lack degrees in biology and other natural resource fields. The liaison believes that for many mid- and upper-level management positions that currently require natural resource degrees, administrative or other degrees would suffice—as long as the manager had the necessary technical expertise. However, the liaison believes that in the long run education levels among Alaska Natives have to rise so they can qualify for higher-level jobs.

Another problem the Native liaison mentioned is that the limited number of Alaska Natives with degrees in the natural resource fields prefer to work for the state government or private industry, where they can earn higher salaries and have more chances for advancement. Overall, the liaison thinks FWS needs to do a better job of reaching out to Native young people and letting them know jobs are available. Also, the federal government in general could create educational incentives—by offering scholarships, for instance, or paying tuition costs for students who agree to work for a federal agency for a specific number of years.

Analysis
The EEO formula seems to work against increased hiring of Alaska Natives in FWS and other federal agencies—because it is based on a much smaller target than

Alaska Natives make up in Alaska. Changing that formula may be unrealistic. Those in FWS concerned about increasing Native hire have resorted to other approaches— more active recruiting and the creation of an internal monitoring group—to boost Native hire above EEO targets.

National Park Service

Background

The National Park Service (NPS) is another agency within the Department of the Interior that is allowed to hire locally for some jobs. ANILCA allows NPS to limit applicants for certain jobs just to residents of specific areas in or near national parks or preserves. Those jobs require some special knowledge of the local area; the agency decides which jobs it can likely fill through local hire. Each agency with local hire authority has somewhat different definitions of what constitutes a "local" resident. NPS, for example, usually considers only year-round residents (who have been residents for at least a year) from areas in or near national parks.

Local-hire positions are advertised just locally—not on the Internet. Job descriptions are posted in local job centers, community buildings, Native organizations— any place the local park supervisor thinks people are likely to see the notice. For example, if the Kobuk Valley National Park advertises a local-hire maintenance job in Kotzebue, local residents can submit an application to the local park service office in Kotzebue. A standard application form is no longer required. Applicants can describe relevant skills or education and work experience in whatever form they choose. Applicants can use a one-page form called a Knowledge, Skills, and Abilities (KSA) form to give the reviewers a better picture of their skills.

Applications are reviewed in the local park service office. A local administrator then draws up a list of qualified local applicants. (Veterans receive preference in federal hiring; however, service in the National Guard does not qualify, because it is considered a state agency.) Whoever will be supervising the employees interviews the candidates and makes the final decision. To ensure fairness, the hiring process is subsequently reviewed by the Anchorage NPS personnel office. Someone from that office signs the official appointment document. Although a locally hired employee receives the same benefits and pay as someone hired through the competitive process for the same kind of job, the local hire is what is called "excepted service." That means local hires cannot transfer to a comparable job with NPS elsewhere.

The NPS also takes part in the Student Career Employment Program (described earlier), but few such student jobs are available.

Employment

NPS meets the federal EEO targets for Native American employment (again, because the share of Native Americans in the national labor force is so small), but Native Americans are under-represented in the park ranger and biologist categories. The NPS personnel specialist in Anchorage reports the agency currently employs about 40 local hires in Alaska, in a variety of jobs including clerical, administrative, ranger, biologist, and information technician.

Official NPS figures for the Alaska region as of 7/15/98 were: 65 temporary and permanent Alaska Native/American Indian —or 7.5 percent of the 865 NPS employees in Alaska. Among just the 396 permanent NPS employees, 32–or 8.2 percent—are Alaska Native/American Indian.

Impediments to Increasing Native Hire and Retention
As noted, the problem is that Alaska Natives tend to be under-represented in certain higher-level positions, particularly park ranger and biologist. This may be similar to the problem raised earlier in the description of the Fish and Wildlife Service: qualifications for higher positions usually include university degrees in relevant fields.

Analysis
Although NPS cannot, under EEO rules, target Alaska Natives to hire, the local-hire provisions increase the likelihood that Natives will be hired. This raises a question: who is monitoring local hiring? Again, if local NPS administrators are aware that their hiring practices are being monitored, they are likely to attend more to the wishes of local residents.

Bureau of Land Management

Background
The Bureau of Land Management (BLM) is the third federal land-management agency in Alaska with local hire authority for jobs that require special local knowledge. Such jobs include, for example, outdoor recreation planner and land surveyor. Most BLM jobs are, however, not local hire but competitive hire and are advertised nationally over the Internet. BLM recruiters also mail some job announcements directly to rural communities and to Native corporations. Since 1996, BLM has also had a Native liaison who works with Native communities and helps promote Native hire.

Employment
The total BLM workforce in Alaska in mid-1998 was 783. Of that total, 38 jobs—or 4.8 percent—were held by Alaska Natives or American Indians. These 38 positions were split pretty evenly between men and women.

BLM also creates a significant number of seasonal jobs for rural Natives through the Alaska Fire Service (AFS), which annually trains and supports 44 interagency Emergency Fire Fighter crews to fight wildfires in the northern half of Alaska. (The state government is responsible for training crews for the southern half of the state; the Emergency Fire Fighter program is described in more detail on page III-16 of this chapter.) BLM send recruiting teams to Native villages and reports that the AFS fire fighting crews are predominantly rural Alaska Natives. During the 1998 fire season (essentially about 90 days), the payroll for AFS fire fighting crews was more than $1.8 million. BLM's Native liaison also reports that Alaska Natives initially hired for fire fighting crews have the opportunity to move on to more

skilled fire–fighting jobs—for instance, smoke jumpers (who parachute into wildfires), fire suppression specialists, and dispatchers.

The BLM also creates some seasonal jobs for rural Natives through land survey contracts. The agency is responsible for surveying 150 million acres in Alaska, including the 44 million acres which are being transferred to Native corporations under terms of the 1971 Alaska Native Claims Settlement Act. Since 1987, the BLM has had the authority to issue land survey contracts under terms of the federal Indian Self-Determination Act (ISDA). Programs that benefit Indian tribes are eligible for contracting under the act.

BLM can contract with any Native organizations affiliated with tribes—including tribal organizations and Native corporations. Under such contracts, a BLM registered surveyor is responsible for technical aspects of the work; the contracting tribal organization then typically hires one professional land surveyor and local Native residents for the survey crew. Through 1998, BLM had issued 45 ISDA land survey contracts totaling $25.5 million.

BLM is also working to recruit Alaska Natives through two student programs, according to the Native liaison. The agency recruits minorities, including Alaska Natives, for the Student Career Employment Program (described earlier). That program gives some students part-time work with BLM while they attend school and the chance for full-time jobs when they graduate. The agency also administers the Resource Apprenticeship Program for Students. This is an interagency program BLM created in 1987 to help Alaska Native students interested in earning college degrees in resource fields. The program helps students in various ways—tracking down scholarship information, helping students apply for financial aid, and keeping students informed about job opportunities in resource management agencies.

Impediments to Increasing Native Hire and Retention

Native hire for permanent, year-round BLM jobs is hampered by some of the same problems other federal agencies face. Aside from the limited number of jobs opened under local hire, BLM jobs have specific education requirements and are filled through national competitive hire. BLM reports that there are a limited number of qualified Native applicants with sufficient education in biological, natural resource, and survey fields. Another barrier BLM officials report is that most permanent jobs are in urban areas—and many rural Natives are reluctant to leave their villages to take those jobs. BLM officials hope that in the long run efforts like the Student Career Employment Program will boost Alaska Native hire.

Analysis

Although BLM has stepped up efforts at recruiting Alaska Natives and it has a Native liaison, the proportion of full-time BLM employees in Alaska who are Alaska Natives or Native Americans is still smaller than that of other agencies with local hire authority. However, at least part of that difference lies in the fact that BLM has fewer year-round jobs in rural areas than do the National Park Service or the Fish and Wildlife Service.

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Minerals Management Service

Background

The Minerals Management Service (MMS) lost a lot of employees in Alaska during federal downsizing. According to the regional director, the agency was reduced from 200 employees to 80. As a consequence, for several years MMS did very little hiring. But the regional director now believes the agency has "turned the corner" on job cutbacks and may begin to have more openings. Unlike land-management agencies, MMS does not have local-hire authority. All its jobs must go through the national competitive hire process.

Responding to a request from the Special Assistant to the Secretary of the Interior in Alaska, MMS's regional director recently established an informal diversity group, made up of EEO officers and personnel directors from Department of the Interior agencies. This group meets about every six weeks to talk about how to increase the numbers of Alaska Natives and other minorities working for Interior agencies.

The regional director believes that just establishing a group of agency people to discuss ways to increase Native hire is a step forward. To date, the most concrete activity of the group has been to represent the agencies at various job fairs. At those job fairs, MMS talks to people about the work it does, the skills required, and the prospects for particular jobs.

Impediments to Increasing Native Hire and Retention

In addition to lacking local-hire authority, MMS is also subject to "prohibited personnel practices," according to MMS's personnel director. Among those prohibited practices are targeting specific groups (like Alaska Natives) for hiring. Although the agency can try to encourage Alaska Natives or other minorities to apply, recruitment has to be general. Jobs are advertised over the Internet. As an example of the difficulties the agency faces in trying to hire Alaska Natives, the personnel director described the agency's attempt at one point to create a community liaison job. The agency discovered that such a position would be subject to the regular national competitive process.

In addition, according to the personnel director, most of MMS's work requires levels of education that only a limited number of people have. Finally, MMS's only Alaska office is located in Anchorage— thus requiring that permanent employees live there. But at the same time, the personnel director was encouraged by the efforts of MMS's regional director to increase minority hiring.

Analysis

Because MMS lacks local hire authority, that agency and others like it may be less susceptible to pressure than those that can hire locally. This suggests that a differentiated strategy to pressure federal agencies may be necessary. Groups such as that assembled by the regional director for MMS may be valuable points to apply pressure. Monitoring the activities of such groups would send the message that their activities are important and are being watched.

IV. Programs and Opportunities With Potential To Employ Alaska Natives

The previous chapter looked at the success of a number of private and public efforts to hire more Natives for existing jobs. This chapter examines the *potential* of various private and government programs for creating more jobs for Natives.

Private Businesses and Regional Corporations

Bethel Native Corporation's Proposed Contract with DOD

Background

McLean Research is a private corporation partly owned by the Bethel Native Corporation. It recently proposed contracting with the Department of Defense (DOD) to assist in converting print manuals into electronic data accessible on computers. That proposal was ultimately rejected, but we believe the idea remains sound: for some electronic services, Native organizations in rural Alaska could be competitive with organizations anywhere in the country. The background that follows is largely extracted (with some modifications) from the corporation's proposal to DOD.

> In FY 99, DOD plans to convert the paper maintenance manuals for various aircraft, ships, and other heavy equipment to Interactive Electronic Technical Manuals (IETM). IETM is an important component of DOD's commitment to cost savings and to the Navy's commitment, under OP-O4, to replace 80 percent of hard copy technical information repositories with digital data bases. Initial tests indicate that IETM will result in substantial cost savings for DOD—such as reducing the costs of maintaining tech manuals by 35 percent and reducing repair time by 25 percent.
>
> Interactive Electronic Technical Manuals (IETMs) are the result of a process in which cumbersome paper tech manuals for sophisticated military equipment are scanned into electronic format and then converted into a user-friendly interactive mode that enables technicians to service and repair equipment more efficiently. As long as the conversion can be done in cost efficiently, it will produce significant savings for the military, first by reducing the cost of storing and maintaining the bulky paper tech manuals and second by reducing repair time and unnecessary parts replacement.
>
> Employing residents of remote Alaska Native communities to do this work would be possible for two reasons. First, the scanning and conversion work no longer requires high-priced engineers and technicians. High-school graduates with computer keyboard skills, a basic familiarity with tech manuals, and several weeks of training can do the work. Second, once the tech manuals are scanned into the computers, the conversion work can be done in any location that can receive and send information electronically—which is now virtually the entire world. Thus, for the first time, it costs no more to do the work in Bethel than it would to have it done next door to where the scanning took place. Third, Congress has granted Alaska Native corporations and tribes unique SBA 8(a) rights. So the U.S. Navy is able to

award a sole source contract to Bethel, whose subsidiary, MRC, is an 8(a) certified firm—thereby permitting directed contracts to insure that the work goes to the targeted populations.

The FY 99 project was to have proceeded as follows: The IETM software would have been licensed to McLean Research (MRC). MRC's office in Virginia is staffed by experts in computer technology, who would have created the protocol. They would also have managed the communication interface and trained the Alaska Natives and American Indians doing the actual conversion work. MRC's headquarters, located in Bethel, Alaska, would have hired and trained 60 of its Alaska Native shareholders to perform the review and clean-up work that must be carried out after the software automatically converts the scanned tech manual. The scanning portion of the work would have been performed on the Cheyenne River Sioux Indian Reservation in South Dakota, where the tribe has recently established a scanning enterprise. Like Bethel, the Cheyenne River Sioux Reservation suffers from very high unemployment. Approximately 65 percent of the appropriated funds would have been spent on salaries for employees in Bethel and Cheyenne River.

Despite the rejection of the first proposal, MRC believes there is still potential. In subsequent years, converting the remainder of DOD's tech manuals will generate several thousand jobs. BNC anticipates that many more jobs will be created as a result of conversions by other government agencies and private sector firms. The chief executive officer of MRC sees these new jobs as differing from the typical dead-end, minimum wage jobs that are often offered to Indian communities. The skills employees develop doing the conversion work can gradually be augmented by advanced training and extended education to create a skilled labor pool with capabilities to perform systems integration, computer systems maintenance, computer programming, and other highly skilled and valuable computer-related work.

Recently, Bill Gates of Microsoft and other leaders in the software industry have been lobbying Congress and the White House to ease restrictions on immigration for people with computer programming and other telecommunications skills. However, the residents of the remote Alaska Native villages and Indian reservations can meet this demand, because with electronic data transmission and remote communications technology, location is no longer a factor in this type of work. Consequently, Alaska Natives and American Indians employed on this kind of project may no longer have to choose between living in their home villages or leaving to obtain long-term, decent-paying jobs. They will be able to do both.

Employment
McLean Research anticipated that the first conversion task would have created 60 information technology jobs for residents of a remote Alaska Native village and 15 jobs for residents of a remote reservation in South Dakota. According to the chief executive officer, converting all of DOD's technical manuals would generate several thousand jobs for Alaska Natives and American Indians in remote communities while continuing to save money for DOD.

Recruitment and Training
Bethel Native Corporation would have been responsible for recruitment and McLean Research for training Native Alaskans to review and clean up the scanned text.

Impediments to Increasing Native Hire and Retention
Because the proposal was rejected before hiring started, we can't assess what the impediments to Native hire might have been.

Analysis
As it stands now, McLean Research won't be converting DOD print manuals to electronic form. But the concept is still very promising. The SBA 8(a) status of tribes and regional corporations positions them extremely well for work of this type, which is likely to be a growth business for several years. Not only is DOD converting its hard-copy manuals to electronic format but many other government agencies are also doing so. Large corporations have been doing this for years. In short, the fact that the first such proposal was rejected does not mean there is no potential for future projects involving rural Native organizations and rural Native residents.

Cooperation between Native Organizations and Labor Unions: Project Labor Agreements

Nome Area Sites Project
In the early 1990s IT Corporation (ITC) contracted with the U.S. Corps of Engineers to clean up a number of former military sites around Nome and in a number of remote locations in northwest Alaska. To promote local hire, ITC in 1994 reached a project labor agreement with the local laborers union and other unions, including the teamsters and the operating engineers. The clean-up went on for three years.

Working with representatives of those unions, and with the Tribal Employment Rights Officer in Nome, ITC began interviewing local residents from Nome, Elim, Teller, and other area communities. It then hired 54 local residents, 90 percent of whom were Alaska Natives. The Native workers represented two regional corporations and six village corporations. The unions trained local workers as necessary. Native corporations helped by providing job placement, housing, and other services.

ITC reports that workers who were local residents "demonstrated a distinct advantage . . . in their knowledge of the land, rivers, and topography," reducing costs and increasing efficiency in moving to and from remote sites. It also reports that its Alaska Native work force "demonstrated tremendous innovation and ingenuity" in transporting debris from the sites and repairing and modifying equipment in the field.

The local unions worked under a cost-plus fixed fee contract. Over three years, local workers and local-hire administrative employees collected more than $2 million in wages. The unions collected $400,000 in fringe benefits and dues. ITC gives much of the credit for successful local hire to the local union leaders in Nome, and concludes that the state government, other unions, and Native organization could look to this project as "a model for the success of local hire."

Galena Sub-Region Agreement

The laborers' and operators' unions and the Galena Sub-Region villages of Galena, Ruby, Huslia, Kaltag, Nulato, and Koyukuk are currently negotiating a project labor agreement. The villages are represented by the Tanana Chiefs Conference's legal department. TCC has already passed a resolution supporting the agreement. The basic idea is that the tribes and the unions will develop a comprehensive plan, and that tribal representatives and village councils will then approach all new businesses and developments entering the village with the tribal/union plan. Such a plan addresses several concerns in rural areas:

Local Hire

Tribes currently have Tribal Employment Rights Organizations (TEROs) but they have no means of enforcing local hire. If a project labor agreement were in place, the union could enforce the TERO. The union also has a more rigorous definition of "local resident" than that allowed by Alaska law. Under union regulations, there is a special local hire preference for places in Alaska not connected to the road system. In such cases, the definition of a local resident is someone who has lived within a 50-mile radius for at least six months prior to the beginning of a project.

Training

Union members are eligible for free training through the union training trusts. Union training programs are industry driven. The unions attempt to get proposed project lists from agencies a year or two ahead of actual construction and then tailor their training programs to the specific needs of the job. They pay the cost of flying rural union members from their villages to Fairbanks for training and they also pay for their food and housing. The training programs are usually two weeks.

Accrual of Benefits

Many rural residents work sporadically as projects present themselves and thus never accrue medical or pension benefits. The laborers' and operators' unions both have the same pension requirements. A worker must work 250 hours a year for annual pension credit and workers vest in the union pension fund after five years. If a project labor agreement were in place, a person could work on a different

project each year (including working for tribal government) and still accrue benefits and vest in the pension fund.

Opportunities for Employment Outside the Village

Under union hall rules in Fairbanks, a worker who has once worked for a contractor can be recalled by that contractor without being physically present for the call in the union hall. This rule would allow rural residents to avoid the expense of flying to Fairbanks and getting a place to stay in order to find work.

Analysis

Project labor agreements can help overcome two of the major obstacles to Native hire in rural areas: lack of training and lack of jobs. Such agreements work by bringing together tribes and labor unions to identify all the projects planned for a region, and then getting local hire provisions into place before projects begin. Once these groups know what kinds of jobs are on the horizon, the unions can train local workers specifically to fill those jobs.

Successful agreements do not come easily. They require that tribes expand their thinking about "local hire" to include not only their own tribal members but also members of other tribes in the region. Each tribal council also has to be willing to approach new businesses moving into the area and point out the existence of tribal labor agreements. The unions, on the other hand, have to educate local residents about the benefits of union membership and explain why unions collect dues. Unions also need to maintain local representatives in rural areas. Many Alaska Natives who were union members during construction of the trans-Alaska pipeline in the 1970s later lost trust in the unions because a lack of union jobs in rural areas meant they were unable to vest in union pension plans.

Federal Programs and Policies

National Guard

Background

The National Guard in Alaska has played a central role in the development of Alaska Native leadership. The guard grew out of the need, during World War II, to monitor the Alaskan coast for Japanese incursions. The first Alaskan Scouts to volunteer not only performed a critical national function; they also constituted a cadre of Native leaders who had first-hand experience with Western organizations. Opening the officer corps to Natives in 1947 provided Western leadership training to individuals who were to become leaders in various Native communities. Armed with detailed understandings of how Western policies and organizations operate gained through their experience in the guard, leaders such as Eben Hopson, Caleb Pungowiyi, and John Shaeffer were prepared to negotiate issues of critical importance to their communities and provide leadership to newly created, Western-style organizations.

Several factors conspired in the 1970s, 1980s, and 1990s to erode the importance and popularity of the guard among Alaska Natives. The Vietnam War was a demoralizing experience that took some of the luster off the guard for members and potential recruits. In addition, the corporate structures created by ANCSA competed

directly with the guard for leaders and leaders-to-be. At the same time, the guard began requiring college degrees for officer candidates and became less hospitable to older officers who had enlisted before formal educational requirements were raised. Finally, in the 1990s, the ending of the Cold War resulted in reductions in forces throughout the military, the guard included. It also removed the traditional mission of the guard: to be the first line of observation and defense against Soviet attack.

Employment

According to the Alaska Army National Guard, membership peaked at 3,300 in 1989—about 41 percent of which was in rural Alaska. In November of that year, Congress started to disassemble the U.S. military. The guard nationwide abruptly switched gears, shedding units and members. Massachusetts alone lost over 11,000 guardsmen.

The Alaska guard today is up to its authorized strength of 2,020, some 750—or 37 percent—of whom are Alaska Natives. In other words, the guard today has 603 fewer Alaska Natives than it did when the drawdown began in 1989. In addition, very few of the current officers are Natives.

Recruitment and Training

According to recent reports in the *Anchorage Daily News* and the *Fairbanks Daily News-Miner*, recruiting new guard members on the North Slope is proving difficult. This is due in part to the fact that good-paying jobs are easier to find in that region. Recruitment may differ by region, however. Apparently, in Southwest Alaska—where villages are considerably poorer than those on the North Slope—recruitment is easier.

The current requirement that officers be college graduates has seriously restricted the number of Alaska Natives among the officer corps—and is likely to continue to do so.

Impediments to Increasing Native Hire and Retention

Among the current generation, the guard appears to lack the appeal it had for their fathers and grandfathers. This may be due in part to the apparent failure of the guard to articulate a mission to replace the one that animated the Scout Battalions of the previous generation. As noted above, in some parts of the state, the guard is no longer one of the few employers offering reasonable wages and benefits. In addition, given the educational requirements for officers, the opportunities for advancement are limited. For Native youth who are pursuing college degrees and who have multiple career opportunities, the guard appears to hold little attraction. Finally, some rural informants told us that the guard's drug testing requirements may discourage some young people from joining.

Analysis
Given the overall downsizing of the military and the college degree requirement for the officer corps, increasing opportunities for Alaska Natives in the guard seems unlikely. According to the Alaska Army National Guard, the guard is constantly looking for ways to increase its recruitment of Alaska Natives. It has stepped up its efforts to attract young Native men and women into ROTC at the University of Alaska Fairbanks—although results to date have been disappointing. Members of the Alaska guard believe that more qualified young people would consider the guard if Native leaders and organizations promoted membership, as they reportedly did in days past. This may be true. But it also may be true that the guard needs to find a way to appeal to the current generation. Current recruiters may know little of the rich tradition of the Scouts and the role of the guard in incubating so many Native leaders. Finally, the Alaska guard did itself no favors with Alaska Natives when it increased the educational requirements for the officer corps.

Hazardous Waste Removal and Abatement

Background
Recently, opportunities in the field of hazardous materials clean-up and abatement have opened for Alaska Natives. In the mid-1980s, asbestos was determined to be a health threat to children, particularly in school buildings. Federal law required that every school in the nation be inspected for asbestos and that school districts prepare written plans for asbestos removal. This law came with funding for training of workers to inspect for asbestos and to abate the problem. Alaska Natives were trained in these tasks and worked on the asbestos problem in Alaska schools.

Today, needs exist for workers trained at various levels to deal with hazardous materials generally. Teams have been trained under a number of programs throughout Alaska. At the same time, when hazardous materials are spilled, the resulting clean-up jobs can go to local contractors who hire local workers. Those involved in cleaning up the oil spill in Dutch Harbor in 1997 included many who were trained in rural Alaska and who were Alaska Native, including the on-site supervisor. Yukana Corporation, a subsidiary of the Louden Village Tribal Council, contracted to send 48 people to Dutch Harbor for 21 days to work on a spill caused by a freighter grounding.

Employment
No data available.

Recruitment and Training
The Alaska Health Project, an Anchorage-based non-profit organization, estimates that it provides 4,500 to 5,000 hours of training each year in the management of hazardous materials. Alaska Natives make up a majority of the targeted minority training population—and 95 percent of those trained have employment opportunities. The intensity and technical aspects of this training, requiring detailed reading of technical materials, makes it challenging for Alaska Natives with lower levels of formal education. However, motivated trainees can get training materials in advance of classes to have additional time for study. The instructors are aware of the cultural differences among Alaska population

groups and emphasize realistic hands-on classroom experiences, minimizing time spent on video and written presentations.

Impediments to Increasing Native Hire and Retention
As noted above, spill clean-up work typically goes to local contractors who hire local workers. Thus, if spills occur in areas where the population is primarily Alaska Native, local hire works to their benefit. Spills in non-Native areas, however, are typically cleaned up by others. Also, there may be a barrier to Native hire, if contractors are not aware that trained Native hazard materials specialists are available.

Analysis
Because of their knowledge of their environment, Alaska Natives have an advantage over workers from elsewhere. The personal protective equipment used in hazardous materials removal and abatement is not designed for cold or remote site work. Knowing how to make these protective systems work in Alaska is a specialty that could be applied elsewhere in the world when there are spills in winter conditions.

Co-Management and Marine Mammal Research: Section 119 of Marine Mammal Protection Act and the Migratory Bird Treaty

Background
In 1994, Congress re-authorized and amended the federal Marine Mammal Protection Act. The Indigenous People's Council for Marine Mammals, a coalition of representatives of Alaska Native groups concerned about the continued protection of marine mammals and the right to hunt them, pressed for the inclusion of a new section, Section 119. That section was approved and now specifically allows for the Secretaries of the Departments of Commerce and Interior to "enter into cooperative agreements with Alaska Native organizations to conserve marine mammals and provide co-management of subsistence use by Alaska Natives."

Under such cooperative agreements, Native organizations can be awarded grants that can be used to collect data, monitor harvests, and generally participate in research as well as establish co-management structures. For the most part, the co-management structures are the various Alaska Native commissions, committees, and councils that have been the link between the hunters and governmental agencies and researchers. The federal language in this section is clear and allows for Alaska Natives to be employed and actively engaged in marine mammal stewardship. Currently the Alaska Sea Otter Commission, the Eskimo Walrus Commission, and the Nanuuq Commission receive Section 119 funding.

From this Section 119 start, the concept of co-management has expanded. The recently negotiated Migratory Bird Treaty with Canada and Mexico also contains language specifying co-management with aboriginal people and "including all users meaningfully in the continued management of migratory birds." Likewise, the Alaska Department of Fish and Game has been working with local Alaska Native groups on the co-management of the Western Arctic Caribou Herd.

In addition to co-management, Alaska Native organizations have been successfully receiving congressional appropriations or contracts from federal agencies for their own research on marine mammals. The Alaska Eskimo Whaling Commission, the Alaska Beluga Whale Committee, the Alaska Native Harbor Seal Commission, and the Alaska Sea Otter Commission have supported staff and research projects for a number of years on congressional appropriations. The Alaska Native Harbor Seal Commission has had great success in securing contract funds from the National Marine Fisheries Service for a biosampling program and will be receiving a competitive research award from the Exxon Valdez Oil Spill Council. As interest in and funding for studying the declines in some populations in the Bering Sea and Gulf of Alaska grow, the potential for such research and the involvement of Alaska Natives also increases.

The Alaska Native Science Commission is now receiving funding to build links between Alaska Natives and academic and government researchers. The three-fold intent of the program is to engage Alaska Natives in research, foster new Alaska Native scientists, and assure that science provides information to Alaska Natives in a meaningful manner. The commission has been successful in initiating research Alaska Natives want and will be hiring people to conduct that work. There is rapidly growing interest in Arctic, Bering Sea, and North Pacific research, including legislation to direct research funding to these areas. There is a need to have many research programs running and closely linked to various Alaska Native communities. This is an expanding new area for employment. It may open doors for some well-trained Alaska Natives—which may in turn open opportunities for others to move into new jobs.

Employment
No data yet.

Recruitment and Training
No data yet. The increasing opportunities for Alaska Natives to contract for and conduct marine species research and to co-manage wildlife suggests that Native organizations may want to support efforts to help Native students earn degrees in biology and game management. This also has implications for the K-12 curriculum. Currently, the curriculum in most schools that serve predominantly Alaska Natives mirrors that found elsewhere. Rural school boards may need to be encouraged to examine the suitability of the existing curriculum, in light of both traditional knowledge about marine and game resources and the expanding opportunities in research and management.

Impediments to Increasing Native Hire and Retention
These remain to be seen. We can anticipate that the lack of formal degrees in the biological and game management fields will serve to prevent Alaska Natives from assuming higher-level positions in organizations or activities that require such degrees.

Analysis
The concept, legal precedent, language, and structures for increased Alaska Native participation in co-management and in research are falling into place. As funding becomes

available, jobs for Alaska Natives should increase. As noted above, Native organizations should examine opportunities available to Alaska Natives to earn the formal degrees required for research and game management. Low graduation rates of Alaska Natives in the relevant fields are due to a number of factors, but preparation in secondary schools is one of the most critical requirements for post-secondary success—and one that lends itself to efforts to improve both curriculum and instruction.

Community Service: AmeriCorps and VISTA

The federal Corporation for National Service sponsors three community service programs: VISTA (Volunteers in Service to America), AmeriCorps, and NCCC (National Civilian Conservation Corps). Below we look at the potential for Native employment in AmeriCorps and VISTA.[1]

AmeriCorps

Now in its fourth year, AmeriCorps is the national service program that allows people 18 and older, from all backgrounds, to earn money toward education or training by serving their communities for a year. Some participants choose to be in the program for an additional year; participation is limited to two years. AmeriCorps members perform community services ranging from housing renovation to child immunization to neighborhood policing. Currently, more than 40,000 AmeriCorps members serve in over 600 programs across the country.

Two AmeriCorps programs operate in Alaska: (1) an environmental awareness program in the villages, employing 25 AmeriCorps volunteers annually; and (2) a child development program employing nine AmeriCorps volunteers in the villages and one in Anchorage. So there are 34 positions in the village and one in Anchorage. The child development program is integrated into the Headstart programs. Volunteers are trained and receive a monthly stipend of $992. At the end of the year, they receive an education award of $4,725 for education or training.

Funding for the environmental program is one third from the Corporation for National Service, one third from EPA, and one third from RuralCap. Funds for the child development program are one half from the Corporation for National Service and one half from RuralCap. The environmental protection program works closely with the EPA's Indian General Assistance Program, which currently employs 35 environmental specialists in the villages, working on strategies to prevent pollution. In October 1998, the number of environmental specialists will increase to 85. These specialists plan and organize, while the AmeriCorps volunteers organize the villages to do the cleanup and teaching.

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[1] It's not yet clear whether federal community service programs could employ Native welfare recipients, who will be required to hold jobs, take training, or do community service under terms of welfare reform (as described in Chapter II).

Recruitment and Training
Recruitment for the program occurs each fall. Every village tribal and city council throughout the state is sent a recruitment package. The environmental program only recruits tribal members, because of EPA regulations, and the day care program is recruiting only from villages with Headstart programs.

Employment
The environmental awareness program receives 85 to 90 applications yearly and employs 25. The child development program receives about 30 applications and employs 10. Of these 35 AmeriCorps members, roughly 30 to 32—85 to 90 percent—are Alaska Natives.

VISTA

The Volunteers in Service to America (VISTA) program undertakes a variety of community service projects nationwide. The focus of VISTA in Alaska is rural economic development projects, particularly where the needs are greatest—which tend to be in the smaller communities. Current projects are in Marshall, Huslia, Metlakatla, Noorvik, Cordova, and Kipnuk. A project is scheduled to start in Coffman Cove in November 1998. Projects for Dillingham, Port Graham, and Aniak are currently being planned.

Twelve VISTA positions exist, but rarely are all available at the same time. Projects are selected from proposals submitted to the Alaska Department of Community and Regional Affairs. Projects can employ Alaska Natives, but the community determines who it wishes to hire and does the hiring. VISTA workers are paid a stipend and communities are required to provide housing. VISTA workers are considered federal employees and are subject to the Hatch Act (that is, they cannot engage in political activity of any kind). The allocation of VISTA workers to the states is based on the state population—which is why the number of VISTA workers in Alaska is limited.

Volunteers receive a stipend of $900 a month, plus health and child care. At the end of the year, they receive an educational award of $4,725, which they can use to pay past or future loans— or they can instead choose a cash stipend of $1,200.

Impediments to Increasing Native Hire and Retention
The VISTA director emphasized that the program is really full-time, 40-hour per week volunteerism. Hours are flexible and accommodating to people's schedules, but VISTA work does preclude other employment. Specific qualifications for applicants are set by the communities applying for the VISTA workers.

Analysis
AmeriCorps and VISTA potentially provide entry-level job experience for a few Alaska Natives—35 in AmeriCorps and 12 in VISTA. Expansion of these programs is limited because funding is pegged to state population.

State Policies and Programs

The VPSO Program and Potential Expansion

Background

The state's Village Public Safety Officer (VPSO) program began in the early 1980s as a means of providing rural Alaska communities with needed public safety support services. The VPSO program was designed to train and employ village residents as first responders to public safety emergencies—such as search and rescue, fire protection, emergency medical assistance, and law enforcement support.

Since the program's inception, the number of communities served by VPSOs has fluctuated; on average, 94 trained officers have handled almost 10,000 calls for service each year. Currently, there are 124 recognized VPSO positions, but due to lack of money only 84 are funded. The 84 communities with VPSOs were selected based on a study of local crime rates, types of crimes, and other measures of the need for local public safety services. Some conditions that may exclude a village from qualifying for VPSO funding include the lack of office space, equipment, and facilities (such as detainment cells) which VPSOs need to carry out their duties.

The state legislature funds the program through a separate budget request unit with the Division of State Troopers' budget. The funds are then awarded to participating regional non-profit corporations through grant requests. According to the *Village Public Safety Officer Program Field Manual*, "The primary purpose of regional contracting is to place the local administration of the program into the hands of an organization more aware of the specific needs of the areas to be served and to deal with a workable number of grants while retaining a certain amount of regional flexibility. Each non-profit, with the concurrence of the Division of State Troopers, selects which communities will participate."

Once a community has been selected, that community— with the assistance of the state troopers and the non-profit corporation—is responsible for the selection and the daily activities of the VPSO. The non-profit group arranges for all salary payments, based on the submission of time sheets for the communities. Group insurance plans, retirement plans, and maintenance of full financial accountability of grant funds is also the responsibility of the contractor.

Expanding Duties

Because parole supervision is unavailable in the villages, parolees are currently sent to regional centers. Often these parolees get back into trouble with alcohol-related crimes in the regional centers. During the 1998 legislative session, Senator Rick Halford added money to the budget for appropriations for a pilot project with the Bristol Bay Native Association (BBNA). The funds have been appropriated through a grant to the association, which will use the money to train VPSOs to handle probation cases and to increase VPSO pay. If this project succeeds, Senator Halford plans to work with rural legislators to implement the program statewide in the next fiscal year.

Employment
A very high percentage of the 84 VPSOs are Alaska Native. Some rural villages rely on locally-hired Village Police Officers (VPOs); other villages have both a VPSO and one or more VPOs, who assist the VPSO. The North Slope Borough has its own Department of Public Safety, which hires public safety officers for placement in local villages. Most North Slope officers are non-Natives who are hired from out of state and who have already received law enforcement training and certification before they're hired.

Recruitment and Training
The non-profit organization that contracts to administer the VPSO program is also responsible for recruitment. The VPSOs are trained at the state Public Safety Academy in Sitka. The nine-week training takes place annually in January and February. The curriculum and training may vary according to what previous training the VPSOs have; however, basic training focuses on how to deal with common offenses such as domestic violence and alcohol-related crimes. A certified course of instruction includes use of the asp or wand, which is a collapsible baton, and the chemical spray O-CAP. These are the VPSOs only means of protection; they are not allowed to carry guns or any other weapons.

Impediments to Increasing Native Hire and Retention
Retaining VPSOs appears to be a major problem that also forecloses the possibility of advancement for many. According to a captain in the state troopers who is responsible for the VPSO program, high stress and burnout are common among VPSOs, particularly in villages where they receive little support. This stress is due in part to the fact that VPSOs often must deal with close family members. The current turnover rate is 42 per year. Not only is there pressure from the village to work around-the-clock, seven days a week, but VPSOs must also work for three supervisors. In villages with only one VPSO, the pressure is especially intense because the VPSO is not only expected to work all the time but also to have a wide range of responsibilities.

Although they are expected to work very long hours, VPSOs' pay is relatively low and they cannot collect overtime pay, according to our informants. The lack of retirement benefits is another barrier which results in high turnover. VPSOs are apparently (although this is not entirely clear) ineligible for the Public Employees Retirement System (PERS). Although VPSOs perform at the same or higher level of work as firemen, correctional officers, and police officers, they are apparently not able to participate in PERS because a state statute excludes non-profit employees from these benefits. There should be a way for VPSOs to participate, so they could earn retirement and other benefits— as do jail guards, police officers, and others in public safety.

Analysis
Given the observation that VPSOs are already under a great deal of pressure, due in part to their heavy workloads and the range of responsibilities they are expected to shoulder, assigning them yet another task—overseeing parolees—seems an odd way to address their problems. Certainly increasing their pay seems a good idea. But they remain in low-paying jobs without retirement benefits. To make these positions more attractive would appear to require creating a benefit package and rethinking the distribution of responsibilities. Expanding the number of VPSOs in some villages—or making the position one that can

be shared—may be necessary. Pushing for increasing the number of VPSOs, while simultaneously improving wages and benefits and establishing more flexible work arrangements, could provide additional employment for rural Natives.

Rural Telecommunications

Background

The long-distance carrier GCI built 50 rural station centers with advanced technology digital quality and single hop calling in rural Alaska. GCI employs one person part-time in each of these locations. These representatives are not involved in the technical side of the station centers but rather answer questions and maintain the physical plants. GCI also provides 130 to 140 location links to Internet service for the rural schools. GCI is linked to the Internet server in each school and all schools are connected to the Internet. Eventually, the health clinics and village corporation offices will also be hooked up.

According to GCI, the company conducted a survey of a "couple of thousand people" a few years back, to find out how many people used personal computers in their homes. Amazingly, the company found that the level of personal computer penetration is higher in rural areas than in Anchorage. GCI is developing the capability to deliver a quality public Internet product, because current digital technology does not use satellites effectively. The company's goal is to provide a level of service comparable to that in urban areas, at affordable prices and without subsidies. The networking technology already exists in rural areas and will be even more pervasive in the future. Clearly, there will be opportunities in local area networks for maintenance jobs as well as opportunities for applications and software development.

Employment

GCI could not tell us exactly how many Alaska Natives it employs, but did say that most of its representatives in rural Native areas are Native.

Recruitment and Training

GCI's rural services division is starting a self-paced, high-school level technical education program in cooperation with the Alaska Department of Education and CISCO Systems, which makes 80 percent of the routing equipment. The program will require two years in the classroom with lots of hands-on experience, followed by two years of on-the-job training, before students can graduate. The Alaska Vocation Technical Center in Seward will be training the teachers for the program, and the actual program was scheduled to start in the fall of 1998.

After students have completed the two-year vocational training part of the program, GCI will provide the on-the-job experiences for the students to complete the last two years. GCI will try to hire as many graduates of the program as possible. GCI will also be working with others, like the National Bank of Alaska, to identify other possible employers for graduates of the program.

Impediments to Increasing Native Hire and Retention
Like many non-Natives around the state, Alaska Natives lack only training to be able to qualify for jobs in the telecommunications sector.

Analysis
Given the dramatic and rapid changes that have just begun in telecommunications in the rural areas, the opportunities in this field seem very promising. Training programs such as that offered by GCI need to be made known to rural resident and rural school districts. School districts may need to be pressured to insure they participate in this type of training and actively recruit students into programs such as that offered by GCI. REAA school boards should be encouraged to request from their administrators information on the types of computer and telecommunications technology training courses and programs available to students. These school boards also should scrutinize job descriptions for new teachers, to determine whether or not technological proficiency is a qualification for teachers at all levels and in all subjects, not just for those jobs that are technical. Students need multiple opportunities across the school year to become comfortable with computers and telecommunications.

V. Barriers to Increased Employment and Strategies for Overcoming Barriers

This chapter talks about some of the possible ways for governments and Native organizations to start overcoming problems that have historically hampered Alaska Native employment.

Local Economic Activity

Availability of Capital: Micro-Loan and Other Programs

The Grameen Bank

In *Give Us Credit*, Alex Counts describes the Grameen Bank in Bangladesh and a similar effort in Chicago. The bank was founded by economist Muhammad Yunus, who two decades ago began a micro-lending program for poor workers in Bangladesh that now serves two million borrowers there. The average loan amount is $75, and the repayment rate is 99 percent. Micro-lending programs based on the Grameen concept now operate in scores of other countries, including the U.S., and serve an estimated 10 million borrowers.

According to Counts, central to Grameen's success are the peer lending groups that usually consist of five borrowers who review each other's loan requests and repayment records and suggest business strategies. Failure by one member of the group to repay jeopardizes future loans to all members, so it is in the self-interest of everyone that all repay on time. Yunus believes that "the borrower knows best:" the role of the Grameen Bank is to provide the capital but allow the groups to decide what to do with it. Counts also describes how the Grameen concept succeeds in a poor neighborhood in Chicago. The Women's Self-Employment Project there provided small amounts of capital to women entrepreneurs who started such businesses as baking cookies, dressmaking, and making jewelry. As in Bangladesh, poor women could use their existing skills or hobbies to create their own businesses. However, they faced unique obstacles—such as zoning rules that prohibited home businesses, high vendor license fees, and welfare rules that treated micro-loans as income that made recipients ineligible for benefits. Counts was hopeful about the eventual results of the Chicago micro-lending project. "By the end of it," Counts said recently, "a lot of the women told me that now they never wanted their daughters to see them doing anything else except running their own business; that transformation in two years."

The Lakota Fund

Among Native American experiments with micro-loan programs, none seems more successful that the Lakota Fund. That fund is a private, non-profit community development financial institution for the Lakota people of the Oglala Lakota Nation in southwestern South Dakota. It was started in 1986 and has made over a million dollars in loans to almost 300 tribal members to develop small businesses and micro enterprises. The default rate is approximately 12 percent, which compares favorably with that of local area banks. Initially, the Lakota Fund was a project of the First Nations Development Institute of Falmouth, Virginia. On December 6, 1992, the Lakota Fund had a separation ceremony and became a community-owned "Lakota" non-profit organization.

The Lakota Fund includes two lending programs—the Circle Banking Project (CBP) and the TLF small business loans. The CBP provides an opportunity for both lending and savings to people who otherwise have little access to credit or savings institutions. The program allows four to six members of a community to join together in a "peer" lending group. After five training sessions, the CBP is certified and the CBP members decide who will receive loans of from $400 to $1,000. The collateral for the loans is the members' commitment to training and to being co-debtors for other members. Subsequent loans depend on successful repayment and regular individual and group savings deposits. Business activities are typically home-based. Although loans are small, the rewards have been great, according to a spokesperson for the fund. For some, a CBP loan represents a first opportunity to receive a loan or save regularly. Others have been able to increase their incomes and create some financial stability in their households while increasing their business and personal development skills.

Tribal members who are starting or expanding businesses, or developing feasibility plans, can take out TLF small business loans. The maximum for these loans is $25,000, and the fund are released in steps: a maximum first-time loan is $10,000 and subsequent steps are $15,000, $20,000, and $25,000. The first $10,000 must be paid back within three years. The remaining loan steps can take from three to five years. Loans can be used for building, equipment, inventory, and other business-related expenses. People just starting in business must attend a seven-week training course conducted by the fund staff. On-going technical assistance is provided by the fund.

The Lakota Fund Arts and Crafts marketing program evolved out of the Circle Banking project (CBP). Over 75 percent of CBP members produced arts and crafts, and the marketing program developed out of special technical assistance geared specifically to their needs. Many artists and craftspersons had not considered themselves "in business," and the marketing program provided an opportunity to introduce basic business concepts. It offers training, sells products retail and wholesale for producers, operates a supply bank, and makes connections for local artists.

Looking to expand its services, the fund has recently focused on addressing the Lakota housing crisis as a way to strengthen and stabilize communities, create employment, and generate revenue for the fund. The fund is developing a ten-unit pilot housing project in Wanblee, South Dakota. This project is designed to help Lakota Nation homeowners by offering them a way out of the current housing system, which a fund spokesperson told us encourages dependency and hopelessness.

RDA/Mini-Grant Program

Rural Development Assistance (RDA) is a federal grant program that provides funds for local projects that promise to improve the economic or social well-being of rural citizens. Historically, the program was funded by the U.S. Forest Service and the State of Alaska, through the mini-grant program administered by the Alaska Department of Community and Regional Affairs. However, two years ago the Alaska Legislature eliminated state funds for the program. It is now funded exclusively by the Forest Service.

The Alaska Department of Community and Regional Affairs does continue to administer the program under an agreement with the Forest Service, which contributed $165,856 to the program in FY99. Awards have been made to 42 communities, with amounts ranging from $5,000 to $30,000. The cap on awards is $30,000. The Forest Service does not technically require matching funds for these awards, but community contributions produce extra points for proposals, thereby increasing the chances those proposals will be approved. Since 1989, $12.6 million has been distributed to communities through this program. Both the Forest Service and the Department of Community and Regional Affairs are exploring ways to expand funding, because they believe the program is very effective.

Revolving Loan/Mini-Loan Programs

The Tanana Chiefs Conference (TCC) has two mini-loan programs. One involves RDA loans, described above. Funds for these loans, which are primarily for urban businesses, were previously handled by the Fairbanks Native Association. For rural areas, TCC administers the Denji Loan Program, with funds from the rural development arm of the U.S. Department of Agriculture. These loans range from $1,000 to a maximum of $250,000 and may be used to fund up to 75 percent of project costs. The TCC director of credit and finance described these loans as "pretty standard business loans."

Despite the availability of these funds, the TCC credit director reports that the funds "are not being used as much as they could be." Although the loans are helping five people with their traplines, the credit director told us that most rural residents do not want to borrow. They are intimidated by the process of applying, particularly the paperwork. They also seem to believe that borrowing money is a sign of weakness, signaling that they cannot manage by themselves. Finally, they are simply uncomfortable with the idea of owing anyone money.

The Tlingit-Haida Tinaa Corporation has had a mini-loan program since 1992. Initially, Tinaa tried the peer group lending model—like the one (described earlier) that has worked well in both India and Chicago. The executive director traveled every few weeks to communities to do the training for certification (a pre-condition for loans), making it an excessively expensive program. Although community members wanted the training, they did not subsequently apply for loans. No loans have been made under the program this year, despite the roughly 400 calls from people asking about starting businesses. Since its inception in 1992, only six loans have been made under this program—and four of those were to the same circle. Tinaa reports that a major impediment to making more loans of this type is the reluctance of individuals to commit themselves as co-debtors, as required of members of a lending circle.

Norton Sound Economic Development Corporation also administers a micro-loan program. The corporation itself funds the micro-loan program, but the National Bank of Alaska provides the loan documentation and the servicing for these loans. The Native corporation does collection work on the loans.

The Association of Village Council Presidents in southwest Alaska and other non-profit organizations around the state also have similar mini-loan programs.

Alaska Village Initiatives' EDA Boat Loan Program

Alaska Village Initiatives (formerly the Community Enterprise Development Corporation) is a non-profit, membership-based company that assists rural communities. The company's boat loan program (with funds from the federal Economic Development Administration) was started in 1983 to meet the needs of rural fishermen and small processors in Western Alaska. The boat loan fund provides financing for boats, motors, gear, and equipment. The maximum loan amount is $50,000. Traditional loan terms are three years for motors and repairs and seven years for boats, at 12 percent annual interest. To accommodate borrowers, Alaska Village Initiatives will accept one large payment a year, rather than 12 monthly installments.

All loan costs are paid by the borrower; those include costs of credit reports, insurance appraisals, survey inspections, or any other direct costs Alaska Village Initiatives incurs in processing the application. Since this is a revolving loan fund, the money available for loans depends on repayments from prior loans.

Those eligible to receive EDA boat loans include: subsistence fishermen who want to begin to fish commercially; and commercial fishermen and small processors on the Aleutian chain, Lower Yukon-Kuskokwim Rivers, Norton Sound, Kotzebue Sound, and the Pribilof Islands. Though salmon and herring are the primary target fisheries, loans are granted to fishermen interested in harvesting whitefish, bottomfish, and crab.

Since the program began, it has made 263 loans to fishermen in Western Alaska, with a total loan amount of $2,984,850—or roughly $200,000 for some 18 loans annually. However, the loan director for this program pointed out that a loan to a fisherman benefits more than just the loan recipient. If a loan allows a boat owner to keep fishing—or buy a new boat—it also keeps crew members employed. As a rule of thumb, the loan director said, the loans to 263 fishermen probably created double that number of jobs—about 500 jobs, if you count the loan recipient and crew members.

Conventional Bank Loans

The National Bank of Alaska (NBA) sponsors no loan programs that are specifically for Alaska Natives. The bank does collaborate on a micro-loan program with the Tlingit-Haida in Southeast Alaska. NBA has established a line of credit with non-profit organizations, which in turn establish the criteria for their lending programs that are just for Alaska Natives.

NBA considers its primary role to be educational. The bank offers a management trainee program and a community agent program. The latter is thought to be the only program in the nation in which a financial institution has community agents—liaisons —to provide services to locations where no bank branches exist. Presently, four communities— Holy Cross, Unalakleet, Saint Mary's, and Kake—have NBA liaisons. Galena and Sand Point will have liaisons soon. These liaisons live in the community and work out of an office or out of their homes. Village corporations may also offer the liaisons space. The liaisons open accounts, answer questions, and conduct workshops and conferences with elders.

Analysis
Although mini-loan programs are widely available, they do not seem to have caught on with rural Alaska Natives as they have in other settings—India, Chicago, and the Oglala Lakota Nation, for instance. To determine why this is the case would require more research. Those who administer these programs, as noted above, identify the loan application process itself as a deterrent. In addition, they describe aversion among at least some Alaska Natives to incurring debt. This generalization does not seem to hold for fishermen in Western Alaska, who have borrowed about $200,000 each year for the past 15 years. In sum, the lack of mini-loan funds does not appear to be an issue.

Two mini-loan programs do in fact appear to be highly successful: the EDA boat loan program and the RDA mini-grant program. The latter program has, however, been devastated because the Alaska Legislature eliminated state funding two years ago.

NBA's community agent program holds the promise of both employing rural residents and bringing banking services to rural areas that lack such services.

Village Crafts and Services[1]

InuCraft / NANA
This company, a subsidiary of NANA Regional Corporation, buys primarily (but not exclusively) from Alaska Natives. Craftspeople who make dolls, baskets, slippers, beadwork, jewelry, and other art and clothing produce both random and specially requested items.

The business employs six people, all Native. Currently, the company is buying items from about 60 craftspeople. Most craftspeople consider their work more of an art than a business, according to company representatives. Consequently, subsistence activities tend to come first for craftspeople and they produce their crafts irregularly. This can be a problem for the retail side of the business.

Chukchi Sea Trading Company
This innovative business offers Alaska Native artwork over a website on the Internet. It was established by Caroline Kingak, an Inupiaq Eskimo who lives in Point Hope, on the northwest coast of Alaska. Kingak knew that for many friends and neighbors, selling their artwork represented one of the few opportunities for earning cash in this remote village. And many were unable to get their work to gift shops in Anchorage and other large communities.

So Kingak founded the Chukchi Sea Trading Company. She and her two daughters own the company and her husband, David Welsh, provides technical support for the company website. She buys artwork from other Point Hope residents and sells it through the Internet. She keeps a portion of the sales proceeds, but describes the business as "more of a hobby than a money-making venture." She does not make

[1]We describe just a sample of village crafts and services.

a profit on the company right now, but maintains it in large part to help friends and neighbors. Kingak estimates that at any given time, between 12 and 24 artists take part in the venture. She sells pieces directly to individuals over the Internet, but most of her sales are to gift shops in Anchorage, Fairbanks, and Juneau.

Shishmaref Tannery
For a description of this growing tannery operated by Shishmaref's tribal council, see page VI-4 in Chapter VI.

Rural Tourism

Background
Tourism in Alaska has been one of the fastest growing industries since statehood, increasing at an estimated 5 to 7 percent annually in recent times. Larger communities on the road system or on the route of cruise ships have seen most of that growth. But some smaller rural communities and Native organizations have become interested in promoting tourism—especially "ecotourism"—as a means of creating jobs and income.

Some Native groups have active tourism ventures. For instance, the Nature Conservancy reports in its 1995 *Ecotourism Planning Guide for Native Landowners*, "New ecotourism operations have arisen in several places in recent years, including operations run by Native corporations on the Pribilof Islands, in the NANA region, in several Interior villages, and elsewhere." Another example is Dig Afognak, an archeological dig on Afognak Island near Kodiak, run by the Afognak Native corporation. That venture allows paying guests to visit and participate in digging and research at an archeological site. The corporation hires local Natives to house, feed, and provide other services to visitors.

Several studies over the past 20 years have looked at the potential for increased rural tourism (in Alaska and elsewhere) and identified various potential benefits. But at the same time, they also raised a number of issues that rural communities must seriously consider before committing money or facilities to tourism.

Potential Barriers to Rural Tourism
In the *Ecotourism Planning Guide*, James Allway argues that the benefits of rural ecotourism include, "economic returns, including modest revenue, sometimes employment and training opportunities, provision of accommodations and other services, and a market for crafts." But he also points out that villages considering tourism ventures as sources of local jobs should keep in mind:

- required skills, including minimum training and experience
- training available to bring those skills to villagers
- salaries, especially compared to other wages available in communities
- cultural acceptability of the work

In another study, *Alaska Tourism Handbook* (Eric McDowell, 1994), McDowell lists job creation as a benefit of tourism, but offers several warnings and poses some hard questions for communities hoping to create tourism:

> Tourism can bring money into the community. But how much money would need to be made each year for tourism to be considered a success in your community? Are you expecting to make more money each year than it costs for expenses, or simply break even? Do you want tourism to bring jobs to the community? What if these jobs only exist in the summer? Will your people be available to fill the jobs, or will they be too busy at fish camp during the peak tourism months? What if the jobs are offered to people from outside the community?

A third study, *Alaska Tourism in The Bush* (Office of the Governor, 1975) is much older but raises points that are still valid today. It describes problems associated with premature development of tourism in underdeveloped countries. Many of these problems are also relevant to underdeveloped regions of Alaska:

> • *Tourism Leakages*: Underdeveloped countries depend heavily on imported tourism materials, supplies, and equipment needed for construction and improvement of hotels, restaurants, and transportation. This importation causes a serious drain of money out of already marginal economies. A similar leakage of money could occur out of Alaska villages.
>
> • *Seasonality*: Tourism volume fluctuates with the seasons of the year everywhere—and in rural Alaska, long, harsh winters mean tourism infrastructure would likely sit idle much of the year.
>
> • *Economic Fluctuations*: Although growth in tourism in Alaska has been strong for the past two decades, the tourism industry is extremely unpredictable. Conditions affecting tourism elsewhere in the world (the strength of the dollar or political upheavals, for instance) can help or hurt tourism in Alaska. Also, as we saw after the 1989 oil spill in Prince William Sound, unexpected events can also cause tourists to stay away.
>
> • *Local Inflation*: Tourist demands and expenditures tend to create inflation in areas they visit. The prices in areas with the most visitors tend to be higher. Local village stores may have the incentive to provide scarce goods to high-paying visitors rather than to the relatively poorer locals.

Existing Employment

Precise figures on employment in tourism are very hard to come by, partly because tourism jobs are split among various industries. We do know that many of the more traditional jobs in tourism—driving tour buses in Denali Park, for instance—are often filled by non-residents.

Training Opportunities

The Alaska Native and Rural Development Department at the College of Rural Alaska, University of Alaska Fairbanks, offered a distance delivery class in rural tourism in 1997. Twelve students from around the state participated and the instructor, Michael Sfrafa, reports considerable enthusiasm for continuing the class. The department plans to offer three additional courses building on the first. It is also assembling a book of articles, essays, and excerpts from other books about Alaska rural tourism. The department plans a conference on rural tourism in the spring of 1999; that conference will be accessible via teleconferencing statewide.

The initial class was attended mostly by students who already had established contacts with the business community and Native Corporations, according to the instructor. They often were in leadership positions or held jobs in which they could implement what they learned in the class. The instructor reports that some students did create programs and jobs in their communities, but there are no definitive estimates of how many jobs were created.

The classes could be improved if there were better telecommunication links to the bush. Currently, bush villages must dial up a telephone line to Anchorage and then connect to the distance education at Fairbanks. This system is limited to a total of fifteen sites, but could be expanded if telecommunication links were improved.

The UAF instructor we spoke with believes that a good way to improve the dissemination of information about rural tourism would be for UAF's program to work with businesses and Native corporations to create a traveling road show. The road show would go to communities and offer expertise, information, and other resources to help local residents take advantage of tourism opportunities in their communities. Right now, such a road show is only in the thinking stage.

Analysis

Tourism certainly has the potential for creating jobs for rural Natives. Rural Alaska has scenery, wildlife, and much more that tourists would pay—in many cases, are already paying—to see. Local residents are most knowledgeable about their own areas, and can tailor tourism ventures to best fit the local environment. But as we discussed above, increased tourism doesn't necessarily translate into more jobs and income for rural communities. More than 20 years ago, a state report (*Alaska Tourism in the Bush*, Office of the Governor, 1975) chronicled what tribes and Native associations were doing to promote tourism. The study presents fascinating and balanced portrayals of what worked and what failed.

The studies we cited earlier raise a number of points Native communities and organizations need to consider before putting money and resources into tourism ventures. Those include the need for skilled local workers; the seasonality of jobs; the leakage of money out of the local community; and the unpredictability of tourism from one year to the next. UAF's distance education program offers a good potential means for rural residents to learn tourism skills, but that program is currently limited by inadequate telecommunications in rural areas.

In fact, distance education has enormous potential to supply education and training to rural communities in many areas besides tourism. In a recent study of the University of Alaska's distance education program, ISER found that the demand for distance education is growing rapidly throughout Alaska—and that one of the main factors limiting its growth in rural areas is inadequate telecommunications.

Introducing Career Choices: TCC Summer Camps

Several summer camps sponsored by the Tanana Chiefs Conference (TCC) expose students to potential careers in natural resources, engineering, and technology.

Earth Quest enrolls 15 village students between the ages of 14 and 20 with interests in natural resources. Round-trip transportation between the student's village and Fairbanks is paid for by TCC. Students spend 10 days working with professional biologists, ecologists, foresters, and park rangers. They look at many natural resource careers and learn through hands-on field research projects.

Engineering Technology Exploration Camp is held in Galena and is jointly sponsored by TCC, Alyeska Pipeline Service Company-Daghedze Skoldix Scholarship Program, PDC Consulting Engineers, and the Galena School District. Middle school students are eligible for the week-long program and students attend for free. Students work on actual engineering projects designed for them by engineering professionals.

Cyber Camp is a four-day camp held at Delta High School. It is open to young people from 15 to 21 years old. Instructors provide students a hands-on experience with computers and the Internet.

TCC has been sponsoring Earth Quest for 3 years and Cyber Camp for 2 years. This is the first year of the engineering camp.

Strategies from Other Times and Places

The Royal Commission on Aboriginal Peoples and the Harvard Indian Project

Background

The Canadian government created the Royal Commission on Aboriginal Peoples to investigate the evolution of the relationship among aboriginal peoples (Indian, Inuit, and Metis), the Canadian government, and Canadian society as a whole. The commission was asked to propose specific solutions to the problems that confront Canada's Aboriginal people today. Commission members gathered information and advice through 178 days of public hearings in 96 communities, with presentations from 2,067 persons, organizations, and communities. It also commissioned over 300 research reports. All this information was gathered together in a five-volume, 5,000-page final report issued in the early 1990s.

Volume 2 of the commission's report contains a section on economic development. It states that "more than 300,000 jobs will need to be created for Aboriginal people in the period 1991 to 2016 to accommodate growth in the Aboriginal working-age population and to bring employment levels among Aboriginal people up to the Canadian standard." The potential solutions to this dilemma are framed in a discussion of history and a recognition of the need for taking a culturally appropriate approach to economic development. The similarities between the experiences of Canadian Aboriginal peoples and Alaska Natives are striking.

Findings on Economic Development

The report finds that a prerequisite to economic development for aboriginal peoples is recognizing their right to sovereignty or self-determination. It acknowledges the need to respect treaties and to secure a land and resource base for all Aboriginal people. In addition, the report discusses the diversity among current Aboriginal economies and the need to recognize this diversity in the formulation of economic development policies. In the past, policy came as a directive from federal or provincial governments and was applied uniformly to a broad range of conditions. The commission report finds that this policy resulted in ineffective programs that simply increased Aboriginal communities' dependence on social welfare.

The commission recommended putting authority and resources to support economic development in the hands of appropriate Aboriginal institutions, at the level of the Aboriginal nation and community. Aboriginal people want their economies to be structured in accordance with Aboriginal values, principles, and customs. The commission also recognized that traditional economies must be supported—not only for their intrinsic value but also because there are very few alternatives in many northern communities. Aboriginal people told the commission that their economies should provide choices for people rather than dictating directions. Economies should be capable of supporting those who wish to continue traditional pursuits (hunting, fishing, trapping) while enabling those who wish to participate in a wage and market economy to do so. They also said they wanted to develop economies that were largely self-reliant and sustainable.

The strategies the commission report outlines to address economic development are similar to those being used in Alaska. The report cites the need for education and training; more child care facilities; increased self-government; development of institutions to support employment and business expansion; a sustained supply of equity capital; access to business management skills; initiatives to upgrade housing and community infrastructure; and the creation of opportunities through expanding the land and resource base. It also discusses the need for removing barriers to economic growth—such as the paucity of jobs, the lack of fit between skills and the needs of the labor market, and the presence of racism.

The report encourages Aboriginal nations themselves to adopt policies within their own organizations to promote Aboriginal hire, encourage the purchase of goods and services from Aboriginal companies, and provide opportunities for skills development, business growth, and the recycling of spending within their communities. It also encourages the development of co-management regimes for natural resources and fish and wildlife.

Harvard Project Findings

The findings of the Report of the Royal Commission on Aboriginal Peoples are similar to the findings of the Harvard Project on American Indian Economic Development. The Harvard Project is a research project designed by Stephen Cornell, a sociologist, and Joe Kalt, an economist. They have been gathering data for the past 10 years in an attempt to understand what is necessary for successful economic development in Indian Country. Cornell and Kalt have found three factors that they believe are critical for successful economic development on Indian reservations.

The first factor is de facto sovereignty. The researchers define this as genuine decision-making control over tribal affairs— in essence, self-governance. The second factor is effective self-government institutions. The research suggests that at the very least Indian communities need to accomplish three aspects of self-governance: 1. They have to be able to separate politics from day-to-day business management; 2. They must have a strong and independent judiciary; 3. They must have an effective bureaucracy able to get things done consistently, fairly, and predictably. The third factor needed for successful economic development is something the researchers call "cultural match." In other words, the institutions of governance have to have the support of the community.

Cornell summarizes his findings as follows:

> From a policy point of view, what we've been learning over the last decade through this research is the following:
>
> First, self governance matters. It plays an enormous role in outcomes. Without it, we should not expect much progress in dealing with poverty in indigenous communities.
>
> Second, self-governance works. It works largely because it places accountability where it should be. The result, typically, is improved economic conditions for tribes with, in many cases, significant spin-off effects in the surrounding society.
>
> Third, among the most persuasive arguments for self-governance—and, incidentally, for Indian Country—is that it works. But it does not work on its own. The burdens of economic development in Indian Country rest not only on federal and state lawmakers; they also rest on tribes themselves. Only those tribes that put in place governing institutions capable of exercising sovereignty effectively and fairly are likely to achieve long-term economic security. Indeed, it would not be too much to say that good, sound institutions will get you a lot farther in the absence of lavish resources than lavish resources will get you in the absence of sound institutions.

(from *Assessing Economic Development in Indian Country: The Role of Self-Governance* , by Stephen Cornell. Remarks presented to the 10th Annual Alaska Native law Conference, Anchorage, Alaska, October 21, 1997.)

Relocation of Native Americans

In 1950, the federal Bureau of Indian Affairs announced the Voluntary Relocation Program, intended to empty reservations and move American Indians to urban communities. This program was part of the termination phase of federal Indian policy. It was announced by the Commissioner of Indian Affairs, Dillon S. Myer—who had also organized the removal of Japanese Americans to relocation camps in rural areas during World War II.

The program offered Native Americans who chose to move from reservations a variety of support, including one-way travel to a new location, limited training, and placement services. Over 30,000 Native Americans eventually participated in the program. The program literature typically showed happy families living in suburban homes, with good paying, steady jobs assured.

But the relocation program was in effect a trade of rural poverty for urban slums. The typical experience of Native American families was, according to historians, relocation to congested, poor urban neighborhoods, temporary jobs, and little or no preparation for the transition to urban life. Historians have estimated that about 3,000 participants had relocated and had steady work by the end of the program in the 1960s, when Congressional support eroded because of the high cost and ineffectiveness of the program. We're not aware of any data on how the BIA's relocation program specifically affected Alaska Natives and Native communities. There is anecdotal evidence that in the late 1960s and early 1970s a few Alaska Natives who had been living in cities returned to their home villages. They returned to work on land claims issues and to take advantage of the new economic opportunities that began to emerge in rural Alaska with the construction of the trans-Alaska oil pipeline and with the state's subsequent oil wealth.

We do know, however, that in recent decades the proportion of Alaska Natives living in cities has continued to grow, and that an estimated one-third now live in the state's urban areas. We're not aware of any comprehensive studies examining how this movement of Alaska Natives from villages to cities affects individual Natives or Native communities. A decade ago, the *Anchorage Daily News* published "A People in Peril," a series of Pulitzer-prize winning articles on the plight of Alaska Natives. (*Anchorage Daily News*, January 10-19, 1988.) For one part of the series, reporters talked with Alaska Natives living in Anchorage. The newspaper found that adapting to sharply different ways of living is very difficult for everyone who moves from remote villages to cities. Some fail but many others succeed.

As the *Daily News* reported, most Natives in Anchorage seem to live with "a toe in the village" but have learned how to make their way in Alaska's largest city. " . . . many Natives work in gleaming office towers or drive trucks. They cook in restaurants or counsel in alcoholic treatment centers. . . . A handful sit at the top, running Native regional corporations." On the other hand, the newspaper found, "Anchorage can be an unyielding host to those not accustomed to life by the clock and by the dollar. Some give up and go home. Some lose themselves in booze."

All the ways villages are affected when significant numbers of Natives move to cities is not clear. But because steady, good-paying jobs are scarce in rural Alaska, in many cases it is the most employable working-age people who move to the cities—which could tend to leave some villages with mostly older and younger residents. This trend could be exacerbated in the coming years; as we reported in Chapter I, new jobs in Alaska in the coming years will be increasingly concentrated in urban areas.

VI. Organizations and Programs to Improve Alaska Native Employment

Here we look at some of the organizations that are specifically intended to help improve Alaska Native hire.

Alaska Human Resource Investment Council

The Alaska Human Resource Investment Council (AHRIC) was established by law in 1995 to replace three previous councils: the Alaska Job Training Council, the Governor's Council on Vocational Education, and the Employment Security Advisory Council. AHRIC is the lead state planning and coordinating entity for federal, state, and local employment training and human resource programs. The council provides coordinated oversight of job training programs throughout the state to ensure effective and efficient training leading to jobs for Alaskans.

While AHRIC does not operate any programs, it oversees and makes policy decisions for more than 17 state, federal, and local employment training and education programs in Alaska. The FY98 appropriation to operate these 17 programs in Alaska totaled more than $64 million in federal and state funds. The 22-member council is appointed by the governor, and includes the lieutenant governor and the commissioners of Labor, Commerce, Education, Community and Regional Affairs, and Health and Social Services. Other members represent business and labor organizations, Native organizations, educational institutions, and employment service providers.

According to the council's executive director, the staff and council members have worked well with the Knowles/Ulmer administration on many issues. These include: (1) working with the Department of Health and Social Services on welfare reform implementation and welfare-to-work activities; (2) working closely with the Governor's Jobs and Training Policy Cabinet: (3) participating in the Governor's Working Group to Improve Local Hire in the Oil Industry; and (4) assisting with the Governor's Marketing Alaska strategy and Quality Schools initiative. In addition, AHRIC helped the state acquire federal funds to improve workforce development in three areas: (1) a $7.2 million U.S. Department of Labor One-Stop Career Center grant; (2) a $3 million U.S. Department of Commerce Manufacturing Extension Partnership grant, to bolster Alaska's value added production; and (3) a $2.6 million U.S. Department of Education grant for Alaska's School-to-Work Initiative.

Tribal Employment Rights Offices

In 1977, several federal agencies sponsored a Conference on Indian Employment Rights in Warm Springs, Oregon, so tribes could discuss how to use their sovereign powers as tribes to regulate and control employment on Indian reservations. As a result of this conference, 12 tribes in the Lower 48 decided to form Tribal Employment Rights Offices (TEROs). In 1978 these tribes formed the Tribal Employment Rights Planning Committee to encourage and help tribes form new TEROs. Since then, the organization has been

restructured into the Council for Tribal Employment Rights (CTER). The council is an Indian owned and operated non-profit corporation, governed by a fourteen-member Board of Directors representing seven TERO regions: Alaska, Pacific Northwest, Dakota Coalition, Rocky Mountain, Southwest, Southern Plains, and Eastern. The council provides training and implementation assistance on-site, over the telephone, by mail, and in regional TERO seminars, conferences, and workshops. It also publishes reference manuals, including *Alaska Native Preference in Employment and Contracting*.

The Cook Inlet Native Association was the first Alaska Native organization to initiate an Alaska Native Employment Rights Office in the early 1980s. Currently, about 150 Alaska tribes are covered by TERO ordinances. The acronym, TERO, is used interchangeably for Tribal Employment Rights Office, Officer, and Ordinance. Most tribes have a Tribal Employment Rights Office, staffed by a Tribal Employment Rights Officer whose duties include assuring compliance with the tribe's Tribal Employment Rights Ordinance. The purpose of the TERO ordinance is to enable tribes to regulate and control all economic activity on tribal lands or in Indian Country. The ordinance usually provides for an Indian preference in employment, contracting, subcontracting, and the purchase of goods and services. It generally applies to all employers for all private employment, and all federally-funded or federal aid contracts, on reservations.

Most tribes in the Lower 48 are located on reservations and charge a TERO fee, which pays for recruiting, screening, referrals, job counseling, compliance work, cultural diversity workshops, and other services the TERO provides to employers. Alaska tribes use language in several federal statutes as a basis for their TERO ordinances. The Tanana Chiefs Conference's TERO Office, for example, cites the following: PL 93-638 Sec.7(b); Buy Indian Act (24 U.S.C.47); Title VII – Civil Rights Act, Section 703(i); and Executive Order 11246. Alaska TEROs can also negotiate professional fees, based on the fact that tribes are providing services that save the state or other employers money.

Alaska Native Coalition on Employment and Training

The Alaska Native Coalition on Employment and Training (ANCET) is made up of 16 regional, non-profit Native organizations that operate employment and training programs. These are programs authorized under a variety of laws (including, for instance, the Job Training Partnership Act). The programs are funded by several federal agencies—including the departments of Health and Social Services and Labor and the Bureau of Indian Affairs—as well as the state government. ANCET operates employment and training programs in both urban and rural areas.

The group meets quarterly to talk about regional employment issues and maintains employee data banks on the Internet. According to the TERO officer for the Tlingit and Haida Indian Tribes, ANCET also develops strategies for improving delivery of employment and training services, especially in hard-to-reach rural areas. ANCET was also involved, according to the TERO officer, in raising the issue of

Alyeska Pipeline Service Company's failure to meet the terms of its Native hire agreement (see discussion in Chapter III).

ANCET is currently trying to improve its working relationship with AFN and is hoping AFN will recognize it as a special committee to deal with employment and training issues. It is also considering whether to broaden its membership to include smaller tribal government offices which also operate federally-funded employment and training programs.

ANCSA Human Resources

ANCSA Human Resources is an organization formed several years ago and made up of the members of each Native for-profit organization and the ANCET members (described above). Roughly 35 to 40 members constitute the organization, but only about half actively participate. The group is looking for ways to boost participation.

The group meets quarterly and attempts in a number of ways to improve job and training opportunities for Alaska Natives. In conjunction with Alyeska Pipeline Service Company, it holds what has been rated as the most successful annual job fair in Alaska. It is investigating the potential for developing a statewide data base of Alaska Native workers; it is also looking for ways of improving recruitment methods for Native workers.

At the upcoming AFN convention, the group plans to discuss where to concentrate its efforts. One of the issues under consideration is whether the non-profits should continue focusing on training programs and the for-profits on actually getting jobs for Natives.

Alaska's People

Alaska's People, Inc. is a non-profit affiliate of Cook Inlet Region, Inc. (CIRI). It is chartered to promote employment and training for Natives in Alaska. Formed through the combined efforts of CIRI, Cook Inlet Tribal Council, and Peak Oilfield Service Company, it opened in April 1996. So far Alaska's People has placed more than 2,400 Native workers, at no cost to the workers or their employers. The organization has three funding sources: (1) Peak Oilfield Service Company, which is owned by CIRI and Nabors Drilling; (2) Cook Inlet Tribal Council, which receives federal compacting dollars through PL 102-477; and (3) Alaska Temporary Assistance Program's welfare reform funding.

Alaska's People has eight employment specialists to assist employers—either at the organization's Anchorage office; over the telephone; or at the employer's own business location. These specialists continually review their database of more than 4,000 job seekers, to ensure that candidates with the proper qualifications are informed of employment opportunities. The executive director reports that he receives 40 to 50 faxes a day from employers with job requests. The staff then checks the database and refers appropriate

resumes to the company. The executive director estimates that Alaska's people places approximately 150 people per month.

Alaska's People provides employers with qualified personnel from the following fields: administration; banking; construction; customer service; health care; management; mining; oil and gas exploration and production; professional and clerical; public relations; technical; and trade and craft. It has developed strong connections with many of its customers, according to the executive director. "Companies like peak Oilfield Services, Alaska Native Medical Center, Cominco Alaska, Inc., Providence Hospital, VECO, ARCO, Alyeska, BP, Carrs, GCI and NANA Corporation at Red Dog Mine are key to our success."

Recruitment, screening, and evaluation of targeted candidates for apprenticeship and training programs are also available. Alaska's People and CITC also offer counseling to help job seekers with organization and planning before they apply for jobs. Help with resume preparation and suggestions about interview techniques are also available. Some job seekers are referred for training or encouraged to take advantage of national and union apprenticeship programs or grants and scholarships.

Of the Alaska Natives in the database, 90 percent live in Anchorage, the Mat-Su Valley, or on the Kenai Peninsula. The applicants from rural Alaska tend to be the skilled workers, according to the executive director.

Center for Economic Development[1]

The Center for Economic Development (CED) is one of some 67 economic development centers throughout the country that were established in the mid-1960s as part of the Johnson administration's War on Poverty. The Alaska center is funded through the Economic Development Administration (EDA) in the Department of Commerce and is part of the University of Alaska's Technical Assistance Program.

CED focuses on rural development. Much of its work consists of conducting feasibility studies. For instance, CED is currently doing a feasibility study for Metlakatla and Annette Island. These communities have a contract with the state of Washington to can their salmon; the communities want to know whether they could do their own canning and packaging to replace more than 40 jobs they lost when a local cedar mill shut down. They would like to convert the mill into a cannery.

In a previous study, CED examined the potential for restoring the historic St. Joseph's Church in Nome. The owner, a local gold company, had said it was willing to transfer title to the city, if the building could be restored and preserved for use as a tourist attraction. This project received $1.2 million from EDA for five years of restoration work that has now been completed, according to the CED director.

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[1]This is not intended as a comprehensive description of the ways the Center for Economic Development could help Alaska Native ventures.

Another CED project was examining how to replace the building for the Shishmaref Tannery. The tannery started in 1991 with a grant to the local IRA council, but the two-story structure that housed the tannery was inappropriate for tanning. Workers had to haul hides and chemicals up to the second floor, resulting in frequent spills and other difficulties. The CED put together a business plan for the tribal council to build a new building. Because the village lost 25 feet in front of the building to a Chukchi Sea storm last year, the new structure is a modular building with wheels that can be moved.

Tannery sales have increased by 25 percent in the past year. The tannery has spawned a number of cottage-industry spin-offs such as skin sewing and making seal skin slippers, hats, and ruffs. The tannery has also done some custom tanning, as well as tanning hides from outside Alaska. Other activities are in the planning stage. Local management has improved steadily and is highly competent, according to the CED director.

Work at the tannery complements subsistence activities. Four full-time employees are all local residents who work 8 to 5, five days a week. One of the co-managers has been there since the beginning. Fifteen seal skin-slipper sewers and 25 headers also work for the tannery. These craftspeople work flexible hours that accommodate subsistence activities. The newly expanded business plan calls for an additional 15 seal-skin sewers, 10 beaders, and 4 factory workers.

VII. CONCLUSIONS

Here we draw together what we have learned from the previous six chapters to form some tentative conclusions about potential ways to help expand employment opportunities for Alaska Natives.

What Do We Know From Demographic and Employment Data?

The number of Alaska Native first-time job seekers will increase significantly over the next decade. Nearly one third of Alaska Native workers are to be found in urban areas, although only 27 percent of the Alaska Native population lives in urban areas. This trend will continue, since future growth in the Alaska Native labor force will be concentrated in urban areas. Thus, while concern is rightly directed at the number of Alaska Natives without wage employment in small communities, many Alaska Natives will be seeking jobs in urban areas—partly perhaps because of the lack of job opportunities in the rural areas. The share of new Alaska jobs opening in rural areas will continue to fall over the next decade. Eighty-five percent of the new jobs will be in the urban areas—Greater Anchorage, Fairbanks, and Juneau.

The types of jobs that will be opening in the state will be concentrated in the support sector—health and personal services, marketing, sales, and administrative support—and in state and local government. Jobs in resources industries like fish and timber processing and mining will grow very slowly. Small communities seem the least likely environments to support growth in the support sector. To get the likely new jobs in the support sectors, many Alaska Natives living in rural areas may be forced to move to larger communities.

Less than a third of new jobs will require education beyond a high school diploma. Rather, training for most new jobs will be done on the job. At the same time, in order to occupy upper-level positions in many agencies, organizations, and corporations, Alaska Natives need undergraduate and, in some cases, graduate degrees. A critical question for Alaska's schools is how to best prepare Alaska Native students both for college and for the job market after high school. Today, many Native students are not well prepared for either.

Existing state and federal government jobs are concentrated in urban areas. Ninety-two percent of federal jobs and 88 percent of state jobs are concentrated in the Greater Anchorage, Southeast, and Interior areas. This concentration is unlikely to change significantly in the coming years. Consequently, Alaska Natives living in rural areas who would like to take state or federal jobs may be forced to migrate to urban areas.

The proportion of Alaska Natives employed in federal and state agencies is smaller than the proportion of Natives who are of working age in the state population. Even with local hire authority, the National Park Service and the Fish and Wildlife Service have yet to hire enough Alaska Natives to equal their proportion of the labor force. Alaska Natives in state agency jobs amount to a mere 6.4 percent.

Many rural Alaska Natives prefer a work pattern for the year that allows time to pursue subsistence activities, even when ample year-round work is available.

Overall, if present trends continue, fewer jobs are likely to open in the rural areas, and both jobs and the Native work force will become more concentrated in the urban areas. In addition, most new jobs will not require an education beyond high school. Yet the trends we've described here aren't inevitable. Some of the ways we discuss of increasing Native employment could change the picture.

How Will Welfare Reform Affect the Employment Picture?

This picture remains murky —for several reasons. Since 148 villages have been designated as exempt from the time limit on benefits imposed by the recent welfare reforms, no one is sure what effects these reforms will have on rural employment. Even in exempt villages, where residents can receive benefits beyond the 60-month limit, assistance recipients are required to perform some work in exchange for benefits, although the nature of this work is yet to be determined.

What we can say is that tribal councils and local governments will probably be involved in finding work opportunities for aid recipients who will be obliged to work in order to continue receiving benefits. This may require that Native organizations work closely with the state in defining what activities constitute "work." For welfare recipients to meet their obligations under the revised welfare regulations, the state may have to recognize subsistence activities— which certainly constitute work in the eyes of those who are involved— as qualifying work.

What Approaches to Increasing Native Hire Seem Most Promising?

Close Collaboration with Industry and Monitoring of Hiring
Both the operation of the Red Dog Mine in northwest Alaska and the construction of the Alaska Native Medical Center in Anchorage are distinguished by high rates of Native hire. Both projects involved negotiations between the industry and Alaska Native organizations about Native hiring *before* the project began—and during those negotiations realistic hiring goals, procedures for recruiting and hiring, and opportunities for training were agreed upon. This is when Native organizations have the greatest leverage. After a contract has been let or a project begun, Native organizations often have less control.

This period of negotiation seems also to have been a time when mutual trust could be established between the project personnel and the Native organizations. Such a sense of trust appears vital, because in any large project, snafus and misunderstandings will occur. The atmosphere of trust enables the parties to the agreement to collaborate on fixing the problem rather than to assume the worst. Collaborative relationships also enable Native organizations to identify and use the strengths and capacities of industry to offer training, apprenticeships, and mentorships.

Finally, Native organization should follow President Reagan's lead in his dealings with the Soviets on nuclear disarmament: trust – but verify. CITC closely monitored all hiring during the construction of the ANMC and made public the data on Native hire. NANA similarly monitors and makes public information on shareholder hire at the Red Dog Mine.

That this approach is not infallible is demonstrated by the mixed success of Section 29 of the federal right-of-way agreement with Alyeska Pipeline Service Company. Although this provision for Native hire was agreed to up front and although hiring was monitored, the company has been slow in meeting hiring goals.

Compacting

For Native organizations that have the track record of successful contracting, compacting, as the Alaska Natives Commission pointed out four years ago, seems an obvious way to go. Extending compacting beyond the BIA and IHS/PHS to other federal agencies is likely to increase the number of jobs for Alaska Natives. Such an approach is consistent with the findings of the Harvard Project on American Indian Economic Development— that genuine decision-making control over tribal affairs is critical to successful economic development. Compacting puts the resources and decision-making authority into local Native hands.

At the same time, given the size of Alaska and given the number of villages within any given region, compacting at the regional level may not result in appreciable job gains at the village level. Rather, job growth may occur principally, if not exclusively, at the regional hub. Distributing jobs to the local level without sacrificing operating efficiencies will be a continuing challenge. This issue deserves further study.

Force Accounts

This approach to construction projects, particularly sanitation and safe water construction projects, has numerous advantages. Because local governments must own and operate constructed facilities, they determine how the project should be built. They can also hire local residents and set wage rates and hours, thereby circumventing federal Davis-Bacon wage requirements. Work schedules can be flexible to allow time for subsistence activities, firefighting, and bad weather, as well as logistical problems with material, equipment, and transportation. The projects are usually less costly because no profit is expected and logistically delays are less costly. Trade skills—such as plumbing, carpentry, and surveying—can be taught on the job. An accounting firm can be hired to do the bookkeeping, accounting, and payroll taxes. The on-site project engineer does inspections. Although popular in areas of high unemployment, successful force account construction requires a highly competent team of village leaders, engineers, superintendents, and foremen.

The economic impact of jobs in construction of sanitation systems is significant in Native villages that suffer high rates of unemployment. Some villages rotate the labor crews to give everyone in the village seeking employment the opportunity to work on a project. While involvement of the Native people frequently results in dollar savings for the project, a greater benefit may be the development of local knowledge and expertise regarding the facilities installed and procedures for their operation and maintenance. Local residents are trained to operate the systems after the construction phases and, where feasible, local operation and maintenance organizations are established and equipped.

Project Labor Agreements

These agreements empower the unions to enforce the Tribal Employment Rights Ordinances designed to maximize local hire on construction projects. Union regulations include special local hire preferences for Alaska communities not on the road system. The

benefits of such agreements include: free training through the union training trusts, which includes transportation, food, and lodging; participation in the union pension plan, even for workers who are sporadically employed; and the opportunity to work outside the village without having to be present at the union hall. Such an agreement is currently being negotiated between the Galena Sub-Region and the laborers' and operators' unions.

CDQs

Another promising avenue for increasing Native hire is the expansion of the CDQ program beyond fisheries. Impressionistic data and the reports of villagers suggest that the existing CDQs have benefited the rural Alaska Natives in the Bering Sea region. The program has apparently increased Alaska Native employment in the fisheries and ancillary activities in this region. At the same time, attempting to apply the CDQ approach to other resources will present new challenges.

Federal Agencies with Local-Hire Authority

Although the proportion of Alaska Natives currently working for federal agencies is considerably less that the proportion of Natives in Alaska's working-age population, some federal land-management agencies have increased their Native hire through local-hire authority. Extending local hire to other agencies has the potential to open additional jobs to Alaska Natives. Current EEO regulations on minority hire are not particularly helpful to Alaska Natives, because the guidelines are determined by the percentage of each categorical group in the U.S. labor force as a whole.

Regional Corporations' Shareholder Hire Programs

Illustrative of the efforts of regional corporations, NANA and ASRC both have aggressive programs to hire shareholders. As noted above, NANA has used its control of resources to leverage jobs for its shareholders. Because shareholder-hire is a priority, agreements, contracts, and projects have, from the start, been negotiated and planned with this as a primary goal. To assist shareholders in acquiring the training, experience, and qualifications needed both for entry-level jobs and to move up to higher-level positions, NANA created training and mentoring programs and offers generous scholarships.

ASRC has also made shareholder hire a corporate priority and has emphasized education and training to enable shareholders to move up the job ladder. Key elements are: (1) goals for both the corporation and its subsidiaries that include incentives for managers and assistance for those not meeting the goals; (2) numerous and varied training and educational opportunities; and (3) a regular data-gathering and reporting process for monitoring progress toward hiring goals.

Native corporations that lack the resources NANA and ASRC command will continue to face greater challenges in implementing shareholder hire. At the same time, NANA and ASRC have both granted shareholder status to "new" Natives, thereby increasing for themselves the challenge of increasing the proportion of their shareholders they hire.

Co-Management
The concept, legal precedent, language, and structures for increased Alaska Native participation in co-management and in research are falling into place. As funding becomes available, jobs for Alaska Natives should increase.

Micro-Loan Programs
Several non-profits now make micro-loans programs available to residents in their areas. That rural Alaska Natives have not taken greater advantage of these funds is something of a puzzle. One explanation is that many rural residents are unused to borrowing money and may hold values of self-sufficiency that discourage them from seeking loans of any type. Another explanation is that Alaska Natives who may be reluctant to take on debt themselves are unlikely to assume risks on behalf of fellow community members, as is typically required by micro-loan programs. At the same time, communities such as Shishmaref have worked with the Center for Economic Development at UAA to secure the capital needed to improve community ventures such as the Shishmaref tannery. In addition, Alaska Village Initiatives' EDA-funded Boat Loan Program has loaned nearly $3 million to rural fishermen since 1983. In short, it is not clear why rural Alaskans have not taken greater advantage of micro-loan programs. The lack of available capital for small ventures does not appear to be the limiting factor, but a more detailed study would be needed to establish the truth of this conjecture.

What Are Specific Activities in Which Rural Alaska Natives May Have Some Advantages?

Data Processing
Because of their SBA 8(a) status, Native organizations could hold an advantage in winning contracts such as the one Bethel Native Corporation unsuccessfully proposed to the Department of Defense. SBA 8(a) enables DOD to negotiate sole-source contracts with Native organizations for certain services. Moreover, working on data processing projects such as the one Bethel Native Corporation proposed would allow employees to work from their homes or, at least, their home villages. Workers could also decide, to a large degree, when they wanted to work, enabling them to pursue subsistence activities as needed.

Firefighting and Hazardous Material Crews
Fighting wildfires has been a source of wage income for rural Alaska Natives for decades. Experience with living "rough" in tents serves Native firefighters well. Although the current number of crews has reached a maximum, the need to deal with hazardous materials under extreme weather conditions may open up a new area for Alaska Natives, as recently demonstrated in Dutch Harbor.

Eco-Tourism
Although tourism does offer the promise of increased employment in rural areas, studies suggest several issues Native communities and organizations need to consider before putting money and resources into tourism ventures. These include: training needs of local workers; the seasonality of jobs, which may conflict with critical subsistence activities; the

leakage of money out of the local community; disagreement among community members about the desirability of tourism; and the unpredictability of tourism from one year to the next. Many areas and communities are considering tourism ventures. Whether the market for tourism in rural areas is large enough to support multiple ventures remains to be seen.

Can a Past Success Be Revived?

Alaska National Guard

The demise of the guard in rural Alaska stems from a combination of factors that include reduction of military forces; new educational requirements for admission to the officers corps; uncertainty about the guard's mission in a post-Cold War world; and competition from Native organizations and other employers for potential recruits. The guard seems unlikely to regain the central role it played in providing training, part-time employment, esprit de corps, and leadership opportunities for an earlier generation of rural Alaska Natives. The current generation of Alaska Native youth appears to be unaware of the opportunities the guard presents, or its rich, proud tradition.

What Have We Learned from the Experience of Others?

The Canadian Royal Commission Report

The conditions that First Nations face in Canada are remarkably similar to those that Alaska Natives face. As noted above, the Canadian Royal Commission Report argues that the prerequisite to economic development for Aboriginal peoples is recognizing their right to sovereignty or self-determination. It also calls attention to the diversity among current Aboriginal economies and the need to recognize this diversity in the formulation of economic development policies— an injunction that applies equally well in Alaska.

The report cites the need for education and training; more child care facilities; increased self-government; development of institutions to support employment and business expansion; a sustained supply of equity capital; access to business management skills; initiatives to upgrade housing and community infrastructure; and the creation of opportunities through the expansion of the land and resource base. It also discusses the need for removing barriers to economic growth—such as the paucity of jobs, the lack of fit between skills and the needs of the labor market, and the presence of racism.

The report urges Aboriginal nations to adopt policies for their own organizations that promote Aboriginal hire; encourage the purchase of goods and services from Aboriginal companies; and provide opportunities for skills development, business growth, and the recycling of spending within their communities. It also encourages the development of co-management regimes for natural resources and fish and wildlife.

The Harvard Project on American Indian Economic Development

Reports from this project emphasize that the precondition for sustained economic development is genuine self-governance and self-determination. Coupled with this imperative is the need for a separation of politics from day-to-day business management and an effective bureaucracy to get things done consistently, fairly, and predictably.

APPENDIX A: DRAFT LIST OF EXEMPT ALASKA NATIVE VILLAGES

MEMORANDUM
DEPARTMENT OF LABOR

STATE OF ALASKA
Administrative Services Division

TO: Jim Nordlund, Director
Division of Public Assistance
Health and Social Services

DATE: May 22 , 1998

FILE:

THRU:

PHONE: 465-4500

FROM: Chris Miller, Chief
Research and Analysis Section

SUBJECT: ATAP 5 Year Exempt
Alaska Native Villages

We have completed our review of the most recent local area labor market information available and have identified those federally recognized Alaska Native villages that had 50 percent or more of their population age 16 and over not working. The complete list of those communities is attached.

We relied upon two data sources to identify those communities exempt from the five year ATAP guidelines—1990 census data and the recently completed labor market survey of 24 Alaska native villages. The survey identified five communities that we estimate had 50 percent or more of their adult population out of work during the survey reference week of March 8 to 14 that were not eligible for an exemption based upon 1990 census data. These communities are Chuathbaluk, Port Lions, Ivanof Bay, Dot Lake, and Chenega Bay.

A complete report of the findings from the labor market survey will be available in mid-June.

APPENDIX B: MAP OF THE REGULATORY ENVIRONMENT

MAP OF REGULATORY ENVIRONMENT

Regulation	Sector	Summary of Regulation
Sec. 29, Right of Way (1974) & Alaska Native Utilization Agreement (1995)	Private sector (Alyeska)	Goals (1995): 7% Alaska Native hire in 1997; 10% in 1998; 20% in 2004
AS 36.10 Employment Preference 8 AAC 30.010 et seq	State	Eligible Alaska residents are given a minimum of 90 percent employment preference on state funded construction projects throughout the state in certain job classifications (20 construction crafts).
AS 36. 05.010 8 AAC 30 050 Little Davis Bacon Act	State	Sets laborers' and mechanics' rates of pay for state construction projects.
AS 47.27.005 et seq.(1997) Alaska Temporary Assistance Program (ATAP)	State	Alaska version of the federal welfare reform law
40 USC 276a (1931) Davis-Bacon Act	Federal	Sets "prevailing wages" on public construction projects.
PL 96-487(1980) Alaska National Interest Lands Conservation Act (ANILCA)	Federal	Section 1308 provides for local hire. Section 1307 gives a preference to Native Corporations for visitor services. Section 1318 provides for the use of Native Corporations for the interpretation of cultural resources.
PL 102-477(1992) Indian Employment, Training and Related Services Demonstration Act	Federal	Allows tribes to combine the formula funds they receive for employment and education services from a number of different federal agencies, including DOL, DHHS and BIA.
PL 102-367 (1992) Job Training Partnership Act (JTPA)	Federal	Provides job training for youth and adults facings serious barriers to employment.
PL 104-193 (1996) Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)	Federal	The basic federal welfare reform law - later amended by the Balanced Budget Act of 1997 (PL 105-33)
Native Employment Works Program (NEW) – under PL 104-193	Federal	PRWORA of 1996 replaced the Tribal Job Opportunities and Basic Skills Training program (JOBS) with this new tribal work activities program.
PL 105-33 Balanced Budget Act of 1997 Welfare to Work grants Temporary Assistance for Needy Families (TANF)	Federal	This amended the basic welfare reform law (PL 104-33 – PRWORA 1996) and created the federal "Welfare-to-Work" program. It included block grants for state and local communities to create additional job opportunities for the hardest-to-employ recipients of TANF.

Regulation	Sector	Summary of Regulation
PL 93-638 Indian Self-Determination and Education Assistance Act of 1975 Sec. 7(b)	Federal	Mandates Indian preference in training and employment.
PL 103-413 Indian Self-Determination Act Amendments of 1994 Title IV (Tribal Self Governance Act of 1994)	Federal	Provides for self-governance compacting of BIA programs.
94-437 Indian Health Care Improvement Act	Federal	A health specific law that supports the options of PL 93-638. The goal is to encourage the maximum participation of tribes in the planning and management of health services.
PL 104-330 Native American Housing Assistance and Self-Determination Act of 1996	Federal	Consolidates various HUD programs into a block grant on behalf of Indian tribes to provide housing assistance.
25 USC 47 (1908) Buy Indian Act	Federal	Provides for an Indian employment preference at the discretion of the Secretary of the Interior.
PL 86-121(1959) Indian Sanitation Facilities Act	Federal	Authorized the Public health Service to enter into cooperative agreements with Indian Tribes to provide essential sanitation facilities.
Federal Equal Opportunity Recruitment Program (FEORP) 5CFR720.202	Federal	Provides for targeted recruitment of underrepresented minority groups in federal agencies.
PL 88-352 (1964) Title VII, sec.703(i) Civil Rights Act	Federal	Provides an exception to Title VII's nondiscrimination principles allowing an employment preference in favor of American Indians on or near a reservation.
Executive Order 11246 (Lyndon Johnson) Affirmative Action	Federal	Permits Indian preference in employment on federal aid projects and direct federal contracts.
PL 102-240 Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)	Federal	Permits an Indian employment preference on all federal-aid projects near reservations.

Appendix C: People and Organizations Contacted

PEOPLE AND ORGANIZATIONS CONTACTED

LAST NAME	FNAME	TITLE	ORGANIZATION
Akerelrea	Carol	Program Manager	JTPA statewide office
Anderson	Kris		Alaska's People Inc.
Anderson	Michelle	Executive Director	Alaska State Cummunity Service Commission
Anderson	Nancy	Coordinator	Cooperative Development Center, Alaska Village Initiatives
Andrews	Mike		AHRAIC
Armstrong	Fred	Native Liason	US Fish and Wildlife Service
Aschenbrenner	Chris		Division of Public Assistance
Baergen	Dan	VPSO Training Coordinator & Trooper	Dept. of Public Safety, Div'n of Alaska State Troopers
Barnes	Ann	Chief, Administrative Management Division	National Weather Service, Alaska Region
Bererra	Ben	Manager, Corporate Real Estate	NBA
Best	Don	Personnel Office	Arctic Slope Regional Corp.
Bingham	Leroy	Tribal Consultant	Tribal Planning Services
Bolen	Helen	Senior Vice President	Maniilaq Association
Boyagian	Levon	Labor Legislation Aide	Don Young's Office
Brown	Katherine	Grant Administrator	Dept. of Community and Regional Affairs
Buchholdt	Thelma	Director	Equal Employment Opportunity Office
Burton-Orton	Debbie		National Park Service
Bush	Steve	Rural Community and Landowner Assistance Programs Coordinator	US Forest Service
Busted	Jack	Staffing Specialist	National Park Service
Call	Debbie	Non-profit Coordinator	CIRI
Capito	Greg		Village Safe Water Program
Carey	Martin	Director of Rural Services	GCI
Carey	Martin	Director of Rural Services	GCI
Charles	Billy		Yukon Delta Fisheries Development Association
Chase	Yvonne	Director, Div. Of Community and Rural Development	DCRA
Chase	Jim	Director	Governmental Affairs Office, Military and Veterans Affairs
Christensen	Greg		Alaska Village Environmental Services Inc., Alaska Village Initiatives
Christianson	Rodney	Administrative Manager	Division of Forestry/DNR
Christie	Louis	Human Resources Director	Yukon-Kuskokwim Health Corporation
Church	Pat	Director of Credit and Finance	TCC
Clements	Cathy		RurALCAP
Cunningham	Sharon	Personnel Office	US Fish and Wildlife Service
Dailey	Glen	Tribal Administrator	Native Village of Tanacross
Davidson	Dennis	Human Resource Development	IBEW
Dayton	Sue		Aleutian Pribilof Islands Association
Deaux	Edward	Consultant	
DeGross	Denny		Rural Health Center, UAA
DeWeaver	Norm		NINAETC, CITC
Dowling	Richard		GCI
Doyle	Julie	Training and Development	NANA Development Corporation
Eaton	Perry		Alaska Native Heritage Center

Edwards	Catherine	Manager of Planning and Economic Development	Tlingit Haida Central Council
Ellis	Rose	Employment and Training	Chugachmiut
Elsdon	Garth	Human Resource Manager	Cominco Alaska, Inc.
English	Debbie	Personnel Director	Municipality of Anchorage
Esposito	Fred	Executive Director	Alaska Vocational Technical Center
Fanady	Karen		DCRA
Fischer	Vic	Professor Emeritus	ISER
Flanagan	Edward	Deputy Commissioner	Dept. of Labor
Flothe	Glenn	Captain	Dept. of Public Safety, Div'n of Alaska State Troopers
Frazier	Margaret	Higher Education Program Manager	Maniilaq Association
Fredericks	Jan		Small Business Development Center, UAA
Fredericks	Jan	State Director	Small Business Development Center
Fried	Neal	Economist	Alaska DOL
Gage	Debra		Div. of Public Assistance
Garber	Bart	attorney	
Gay	Becky	Government Affairs, Mayor's Office	North Slope Borough
Germain	Teresa	Job Developer/TERO	Tlingit and Haida Central Council
Goll	John	Regional Director	US Minerals Management Service
Goretzke	Cullen		DCRA, VISTA
Gotlieb	Judy		
Gottlieb	Judy		National Park Service
Gould	Stephanie		Ilisagvik College
Grimes	Jim	VPSO Coordinator	Bristol Bay Native Association
Gutierrez	Gil	TERO Officer	Kawerak
Hadlan	Jeff		DOL
Halford	Rick	Senator	Legislative Information Office of Senator Rick Halford
Hall	Walter		Job Corps Center
Hanna	Gia		NANA Regional Corporation
Harris	Tom	President and CEO	Alaska Village Initiatives
Hawkins	Tom	Chief Operating Officer	Bristol Bay Native Association
Heart	Torry	Community Health Aide Program Consultant	Alaska Area Native Health Service
Hensley	Willie	Alyeska Section 29 Manager	Alyeska Pipeline Service Company
Hoefferle	Terry	Executive Director	Bristol Bay Native Association
Hogge	Ralph	Chief of Project Management	Office of Environmental Health, Alaska Area Native Health Service
Hoskins	Duane	Self-Governance Coordinator	TCC
Howdeshell	Steve	Director, Office of land, Air and Water	Louden Village Council
Huntington	Orville	Wildlife Biologist	USFWS
Irwin	Mike		DCRA
Jack	Carl		RurAL CAP
Jackson	Sarah		Association for Stranded Rural Alaskans
John	Jolene	Tribal Liason	Div. of Public Assistance
Johnson	Annette	Executive Director	UAA Center for Economic Development
Jones	Nanci	Director	Permanent Fund Dividend Div., Alaska Dept. of Revenue
Jorgenson	Laura	WtoW Coordinator	CITC
Kaloa	Ruth		Alaska Native Foundation

Kellman	Cassie	Human Resource Development Supervisor	NANA Development Corporation
Kelly	Jim		Alaska Permanent Fund Corp.
Kenick	Roy	TERO Officer	AVCP
Kennedy	Jeanine	Director	RurAL CAP
Kirk	Grace	Community Health Aide Director	ManiilaQ Association
Klepser	Virginia	State Seafood Employment Coordinator	Alaska DOL
Kunkel	Heidi	Personnel Office	National Park Service
Langdon	Steve		Dept. of Anthropology, UAA
Leask	Janie	Vice President of Community Development	National Bank of Alaska
Lomus	Curt		Div.of Family and Youth Services
Marth	Charlene	TERO Officer	Tanana Chiefs Conference
McCoy	Ron	Assistant to Deborah Williams	Office of the Secretary of the Interior
McLean	Edna	President	Ilisagvik College
McPhee	Greg	Village Safe Water Program	DEC
Metcalfe	Teeny		AHFC
Metrokin	Jason	Business Development Officer	NBA
Mickelson	Mark	Program Coordinator	Department of Community and Regional Affairs
Middaugh	Dan		Alaska Health Project
Monica			The Lakota Fund
Montgomery	Monty	Assistant Executive Director	Associated General Contractors
Moore	Martin	President	Emmonak Corp.
Moore	Gary	Director of Planning and Development	Tanana Chiefs Conference
Morrison	Ouida	EEO Specialist	USFWS
Moser	Kathy	Personnel Office	US Minerals Management Service
Mueller	Tracy		VECO
Nashalook	Davis	Loan Administrator	Rural Business Loan Program, Alaska Village Initiatives
Nashalook	Davis	EDA Boat Loan Director	Alaska VillageInitiatives
Navarro	John		Council for Tribal Employment Rights Inc
Nordlund	Jim	Director	Div. of Public Assistance
Olsen	Sharon	Division Director, Employment and Training	Tlingit and Haida Central Council
Ongtooguk	Paul	Professor of Education	UAA Center for Economic Development
Osgood	Stewart	Engineer	NANA/Dowl Engineers
Peltoa	Gean	Executive Director	Yukon-Kuskokwim Health Corporation
Perry	Dan	Evaluations Program Manager	FAA
Petrasek	Warren	Wage and Hour Investigator	Dept. of Labor
Press	Dan	attorney	
Pullar	Gordon		
Reed	Ron		Div. of Public Assistance
Richardson	Ruth	Native Hire Coordinator	Yukon-Kuskokwim Health Corporation
Richardson	Jim	Resource Economist	
Rider	R.J.		Alaska Health Project
Robatu	May	Staffing Specialist	Personnel Office, USFWS
Roggenkamp	Susan		Small Business Administration
Sampson	Walter	Vice President of Regional Affairs	NANA Regional Corporation
Sandvik	Helvie	VP Operations	NANA Development Corporation

Sarcone	Joe		ANHB
Schaeffer	Pete	Executive Director	Kotzebue I.R.A.
Schilling	William	CEO	McLean Research
Schneider	David	Human Resource Analyst	NANA Development Corporation
Scott	Donna		TCC
Sears	James	Deputy Director of Personnel	North Slope Borough
Sfrafa	Michael		College of Rural Alaska, UAF
Sharp	Tim	Vice President	Laborers' Local 942
Sherry	Paul	President	Alaska Native Tribal Health Consortium
Slajer	Veronica		Rural Governance Commission
Smith	Carol	Affirmative Action	Municipality of Anchorage
Snyder	Dan, Jr.	Executive Director	ManiilaQ Manpower
Spaulding	Carolyn	Research Analyst	Div. of Public Assistance
Spohnholz	Ann	Director	Alaska Job Center Network
Springer	Henry	Executive Director	Associated General Contractors of Alaska
Stinson	Jane	Senior Personnel Analyst	Alyeska Pipeline Service Company
Takakuwa	Laura	Personnel Office	US Fish and Wildlife Service
Takes Horse	Brenda	Native Liaison	Bureau of Land Management
Tiepleman	Dennis	President	ManiilaQ Association
Toma	Chip	Special Assistant	Commissioner's Office, AKDOL
Vaska	Tony		
Walsh	Sharon	Safety Engineer	Osborne Construction
Warkentin	Nelda		DCRA
Williams	Spud	compliance auditor and facilitator	JPO
Williams	Kimberly		Alaska Sea Otter Commission
Williams	Gregg	Demographer	Alaska DOL
Williams			
Williams	Gregg	Demographer	Alaska Dept. of Labor
Wilson	Kurt		Tlingit Haida Central Council

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